

Branching Out of

Community banks use branch design to make customer connections

By Julie Sturgeon

The brick-and-mortar branch is far from dead, but traditional ideas about who should drive

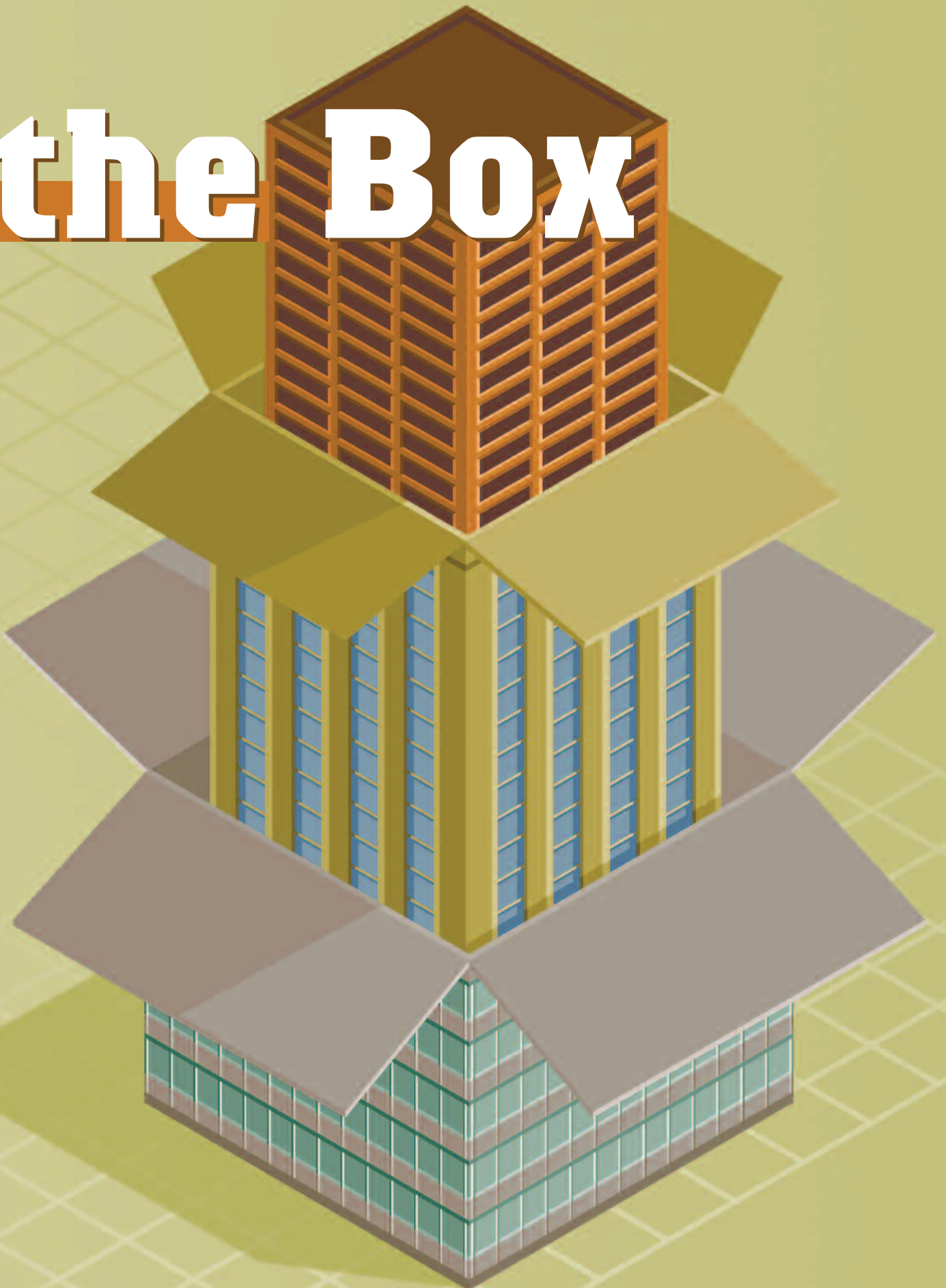
its appearance and design are quickly headed six feet under. Gone are the days of building in a bubble, devoid of customer input. More community banks are

relying on demographic data to help drive architectural details.



VIP Treatment—Taking a page from the Ritz Carlton handbook of customer service, a Red Mountain Bank employee greets patrons upon entry. Other branch amenities include Internet access and a coffee bar.

the Box



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“We dig into their demographic research and figure out what makes customers tick, then try to build an environment that will be there for them,” says William Bily, director of design at DEI, an architectural firm in Cincinnati, Ohio, that specializes in financial institutions.

Julie Bennet, vice president of marketing and retail delivery at Duluth, Ga.-based Consultant Builders Inc., concurs. Market research can shed light not only on the factors consumers consider when choosing their primary bank, but what types of products or services would entice them to switch. “We were able to determine profiles of those most likely to open an account and what they liked. That helps from a messaging point of view but also branch design,” she says.

Not surprisingly, one of the biggest frustrations for consumers and one of Consultant Builders’ biggest challenges was reducing wait times. Breaking down the traditional teller line barrier and creating an open environment was a start, says the retail branch consultant.

Using cash dispensing machines to increase transaction time is another, says Kevin Blair, president of Minneapolis-based NewGround. Some 50 percent to 60 percent of the banks his company assists are planning on installing more machines, up from 5 percent the previous year, he says.

When wait times can’t be avoided, then the goal becomes making wait times go quickly for customers. Plasma screens have a seven times higher read rate than traditional information outlets, according to Bennet. “When people are watching them they aren’t thinking about the fact that they are waiting.”

Targeted Marketing

But it’s not just about getting the customer in and out quickly. It’s about making a customer connection. And that starts by determining what the brand’s iden-

tity will be and to whom the bank will cater products and services. Then the bank can strategically position branch design to reinforce those objectives, says Aniema Udofa, CEO for System “42” Inc., a Beltsville, Md.-based architecture, engineering and general contracting firm.

When presented with community banks that work largely with a base of small business customers, Bily and retail coordination and concept development guru Andrea Simler-DeGolier toss out the traditional teller line in favor of private meeting tables and kiosks where commercial customers can sit and talk with their financial advisers. And when customer de-



Service with a Smile—Red Mountain Bank’s design centers around creating a “warm and inviting” environment, says Mike Washburn, president.

mographics call for a more family friendly setting, the DEI team sketches floor plans that include a secured, visible child play area adjacent to the loan area.

“Two-income families run around with their kids on the weekends,” Simler-DeGolier says. “They don’t want to pawn them off to apply for a bank loan if they haven’t seen them all week. If that’s your constituency, there’s no better way to touch a mom than have her come in a branch and see arrangements for her child.”

Women in general are a major focus of many new bank branch design initiatives, says Steven D. Gray, operations manager at System “42”. Eighty percent of household financial decisions are made or strongly influenced by women. Forty-eight percent of small businesses in the United States are owned by women, he says. Most retailers have capitalized on this group’s purse power and targeted their market-

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—Mike Washburn, Red Mountain Bank

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ing messages, floor layout, even color palate accordingly, he says.

How you say it is just as important as what is being said, adds NewGround's Blair. "Adjust your retail platform and delivery based on segmentation analysis." Product mix should also be modified accordingly.

Building Brand Awareness

Promoting brand image is the buzzword among community banks that drop into Bily's offices at DEI. Target, Starbucks or Abercrombie & Fitch are sometimes their inspiration. Those retailers often appeal

to targeted customers (teenagers, upper income, urban professionals, for example) banks may also want to reach.

That mindset drove Mike Washburn, chairman, president and CEO of Red Mountain Bank in Birmingham, Ala., to spend 18 months overseeing the design and construction of his bank's suburban branch office. "We wanted to create an environment that was warm and inviting," he says.

Washburn visited 75 fellow community bankers to gather impressions and input. He ended up with blueprints for a retail office chock full of consumer toys like wireless Internet, two desktop Internet-con-

The Technical Touch

With bank customers performing 100 million self-service transactions every day, self-service banking will continue to grow and develop, according to TowerGroup.

The Needham, Mass.-based research and consulting firm predicts that by 2010 retail banking customers in the United States will conduct nearly \$60 billion self-service transactions annually—a 50 percent increase over the volume forecast for 2006.

So a strip mall in the Sioux Falls, S.D., suburbs where the population is strong in the 25- to 45-year-old range became a great place for First Bank & Trust to build a branch without human tellers. Nearly everybody uses a Blackberry and is comfortable using electronic gadgets, reports the vice president of marketing, Mary Jane Ceretto.

At the First Bank & Trust branch, the lobby and two drive-up windows have display screens that connect customers to tellers tucked behind security doors. A tube system at each remote teller station allows the public to make deposits (including heavy coin) and withdrawals. New accounts, loan applications and other complicated

transactions are handled face to face by personal bankers on staff. (Under this arrangement, one teller can handle three customers with the display screens in use. Moreover, only three or four people are needed to operate the branch.)

First Bank & Trust chose brick and wood materials to convey a friendly, inviting atmosphere. The 2,500-square-foot space also features a work station where customers may access the Internet, a library and a refreshment area.

In keeping with self-service trends, the branch has extended hours (open early morning and late evening). It also uses a personal greeter to help customers use the remote-teller terminals. Ceretto quickly discovered the unique setup actually fostered better relationships. "The staff is so conscious that they need to greet people,

they've gone an extra step in being friendly and helpful," she says. "They know the screens are a barrier, so they work hard at making folks comfortable."



Remote Access—First American Bank and Trust's "remote teller" branch uses monitors, not windows for customer service touch-points.

The costs for First Bank & Trust to construct the build-out at the strip mall were in line with usual market prices for Sioux Falls, Ceretto says, but the bank did pay more money for the extra technology. The new branch is fulfilling the banks expectations in generating new customers, deposits and profits, she says. —Julie Sturgeon

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nected PCs, a flat-screen television, a fireplace, satellite radio in the lobby and a coffee bar. The lobby features an open space to the left as a natural gathering spot. To the right are the private offices. Taking a page from the Ritz Carlton handbook of customer service, a Red Mountain Bank patron is acknowledged by his third step and is assisted toward the area in the branch that he or she needs to visit.

From any point in the lobby, visitors will always be able to view at least three communication boards, each with a unique marketing message that changes periodically. Examples of these messages include ads for remote deposit for corporate clients, cash management services for businesses or money market accounts for personal clients. They are changed based on the bank's promotional efforts and product campaigns.

Advertising-marketing messages should be adaptable and positioned for maximum exposure, says Bennet. In high traffic areas she recommends merchandising posters. It's not about selling a specific product or service as much as it is about promoting and reinforcing the brand, she says. These features can be incorporated into branch design. A more contemporary bank might opt for framed marketing artwork in acrylic versus a mahogany wood, for example. Plasma screens and brochures, which may contain specific marketing messages, may be better suited in "dwell" areas like teller lines.

"We incorporated that from the Gap and Starbucks. These companies do a great job of transitioning their clients to the back of their stores with strategically located points of sale," Bennet's client Washburn confides.



Penchant for Privacy—Park Avenue Bank customers who place a premium on privacy can opt to conduct their banking business behind sound-suppressed cubicles with eight-foot ceilings.

"Yesterday, I was in the lobby and a gentleman who works with my daughter's ballet school came in to read his e-mail on the computers. That's the type of environment we want," says Washburn.

Toward the back of the lobby stands The Bean Counter, a coffee shop where patrons help themselves to a cup of Red Mountain's own custom roasts, "The Daily Grind" or "Investment Blend." Customers can also buy a bag of coffee to go for \$10 with all proceeds donated to a local charity. (In 2006, the Greater Birmingham Humane Society reaps the rewards.) The coffee shop also sells logo shirts and caps—yet another way to reinforce the bank's brand.

More importantly, the branch's retailing emphasis is paying off. The bank grew more than 35 percent in three months after it moved into the facility in late December 2005, Washburn explains. "I'm sitting here on the corner with 28 banks in a five-mile radius. The Wachovias may have a lobby full of people, but three people in our lobby will represent more business to our organization than the entire lobby across the street."

Positioning coffee bars and other high traffic offerings, like the teller line in the back of the branch

Customer Perceptions

Delivering a memorable experience for the customer is the focus of a NewGround whitepaper, *"The Frontline Experience: How the Branch Experience Drives Bank Growth."* The research report challenges the one-size-fits-all approach to relationship building, segmenting customers by their banking behavior and offering tips on delivering what customers want from their banking relationship. Read the whitepaper, based on a study launched in partnership with Bank Administrative Institute, SAP, Accenture and De La Rue, at www.newground.com. Click on NewGround's media coverage section.

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is no design fluke, says NewGround's Blair. Like the grocer who puts the milk in the back of the store, banks know if they entice customers to stop and shop for other products and services along the way

they increase their cross-sell ratio. Instead of one to two additional products or services at account opening, banks are striving for three to five, he says.

A Custom Face

Charles Antonucci Sr., president of Park Avenue Bank in Manhattan, also modeled his bank's branch design after his customer base's perceived needs and desires. After market research suggested targeted customers for its Borough Park branch in Brooklyn placed a premium on privacy, the bank opted to install sound-suppressed cubicles with eight-foot ceilings for customers to conduct their banking transactions.

Park Avenue Bank's custom blueprints have paid off to date. According to Crain Communication publication New York Business, the bank has grown from \$87 million in assets two years ago to assets in excess of \$330 million.

For its next branch (opening in September) located on swanky Park Avenue and 57th Street, Antonucci will use artwork on loan from 16 museums and art galleries across the country to make customers—many of whom frequent upscale boutiques on Fifth Avenue—comfortable. The plan requires additional construction negotiations to stay

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compatible with museum specifications, security issues, lighting matters and adequate insurance coverage, which Antonucci is only too happy to provide. “We have a very personal, hands-on relationship

with our customers, almost a private banking set-up,” he explains. “So this will fit perfectly with an address at 350 Park Avenue.”

But Antonucci knows that cosmetics don’t substitute for customer service. The branch’s staff, too, will be selected for their private banking skills to match the upscale image a suit-and-tie crowd anticipates. Selecting the right people to man the branch is the number one challenge facing community banks, concedes Blair, whose view is validated by a recent poll of community bankers at ICBA’s National Convention. Turnover of frontline staff is nearing 30 percent. Competition for the *right staff*—those adept at performing banking transactions, but more importantly engaging customers to uncover additional business opportunities—is even fiercer, he says.

“We tell our customer, all these architectural improvements will do a lot for you,” Bily agrees. “They speak for themselves and carry a lot of weight. But if the people in there don’t reflect the message, it will not work.” **ib**

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