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An Analysis of the Marketing Practices of Selected North Dakota Banks

Lyle C. Sorum

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AN ANALYSIS OF THE MARKETING PRACTICES
OF SELECTED NORTH DAKOTA BANKS

by

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Bachelor of Science, University of North Dakota 1960

A Thesis

Submitted to the Faculty

of the

University of North Dakota

in partial fulfillment of the requirements

for the degree of

Master of Science

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This thesis submitted by Lyle C. Sorum in partial fulfillment of the requirements for the Degree of Master of Science from the University of North Dakota is hereby approved by the Faculty Advisory Committee under whom the work has been done.

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ABSTRACT

This thesis describes and analyzes the marketing practices of selected banks in North Dakota. The data were obtained principally from a survey of banks in North Dakota. A mail questionnaire was sent to all banks with over \$5,000,000 in deposits and a 73 percent return was received. The main topics discussed in the thesis were: historical development of bank marketing, bank marketing activities, bank marketing planning, bank marketing management, retail and wholesale marketing practices, pricing bank services, budgeting for bank marketing activities and advertising practices of North Dakota banks.

Bank marketing activities include planning, research, advertising, public relations, services design, pricing and selling. These activities have been practiced in various forms and degrees by banks since the conception of banking in the United States.

Stock corporation and independent banks located in the larger cities of North Dakota and that have deposits over \$20,000,000 appear to be most knowledgeable about marketing. These banks usually have one person solely responsible for the management of the bank's marketing activities. Only twenty-eight percent of the respondent banks had written marketing plans. In comparison sixty-three percent of the banks budgeted for their marketing effort.

North Dakota banks, in general, placed great importance on advertising as a marketing activity. Most respondent banks ranked newspapers as their most important medium as well as their most effective medium.

CHAPTER I

INTRODUCTION

Purpose and Procedure

This thesis represents an attempt to describe and analyze the marketing practices of selected North Dakota banks. The American Marketing Association defines marketing as "the performance of business activities that direct the flow of goods and services from producer to consumer or user."¹ The American Bankers Association definition of bank marketing "is operating a bank so that it is geared to discovering and meeting the needs of the public at a profit."²

Approach

The structure of this study was divided into five major activities: (1) the author's attendance and participation in national seminars and workshops sponsored by the American Bankers Association, Bank Public Relations and Marketing Association and the American Management Association, (2) review of related literature, particularly publications of the American Bankers Association and the Bank Public Relations and Marketing Association, (3) a mail questionnaire that

¹American Marketing Association, Marketing Definitions, Committee on Definitions, 1960, p. 15.

²American Bankers Association, "Selling Bank Services," Programmed Instruction Course, 1969, p. 5.

was sent to all banks in North Dakota with deposits of \$5,000,000 or more, (4) evaluation of the data from the questionnaire, and (5) formulation of findings and conclusions.

The questionnaire was pretested in October, 1969. It was sent to five banks with deposits of over \$5,000,000. A 100% return was received. The questionnaire was determined to be satisfactory and was subsequently sent to the remaining 73 banks with deposits of \$5,000,000 or more. A 73% return was received.

Limitations

There were 168 banks in the State of North Dakota as of September 1, 1969. Not all of the banks were contacted because it was determined by the author, based on his research, that marketing activities were not performed to any great extent by banks with less than \$5,000,000 in deposits. The number of banks surveyed represents 33.9% of the banks in North Dakota.

In 1966 the American Bankers Association retained Robert E. Marcum, a marketing consultant, to conduct a study to determine the status of formal marketing activities in banks throughout the United States. This study revealed that organizations for the coordination of marketing activities were restricted primarily to banks with deposits over \$500 million.³ In comparison the largest bank in North Dakota is the Bank of North Dakota, a state owned bank, with

³American Institute of Banking, Bank Public Relations and Marketing (Homewood: Richard D. Irwin, Inc., 1967), p. 3.

deposits of \$105 million dollars. The largest commercial bank in the state has deposits of approximately \$50 million dollars.⁴

Organization of the Study

Chapter II discusses bank marketing activities in light of the marketing concept. Chapter III traces the historical development of bank marketing practices. Chapter IV is concerned with the marketing practices of North Dakota banks relative to national bank marketing. Chapter V gives a summation of the thesis, and conclusions with regard to the marketing practices of banks in North Dakota and recommendations.

⁴1968 Bank Directory of the Ninth Federal Reserve District, Commercial West, pp. 302-315.

CHAPTER II

BANK MARKETING ACTIVITIES, MARKETING CONCEPT AND BANK MARKETING PLANNING

The purpose of this chapter is to describe bank marketing activities, to define the marketing concept as it pertains to banks and to explain the elements of a bank marketing plan.

Bank Marketing Activities

The Marketing Department of the American Bankers Association has defined six major marketing activities as practiced by banks.

PLANNING: This activity involves the bank's annual marketing strategies and plans at the corporate level.

RESEARCH: This includes not only marketing research but also economics research such as studies of advertising effectiveness and location analysis for branch bank development.

ADVERTISING: This includes standard media advertising, special promotions, displays, and measurement of results.

PUBLIC RELATIONS: The bank's image and reputation, as they can be enhanced for greater marketing success, are the big concern here. Image and attitudinal studies in this activity frequently coordinate with research activity.

SERVICE DESIGN AND PRICING: This includes not only the creation of new services for the public but the redesign of existing services. Pricing involves studies and recommendations on the pricing of bank services and analysis of competition, costs, and income projection.

SELLING: This is business development, including officer calls, staff sales, employee sales training, sales campaigns, and sales measurement.⁵

Bank marketing services include loans, checking accounts, saving accounts, trust, transfer of funds, safe deposit boxes, safe

⁵American Bankers Association, p. 5.

keeping and financial counseling. Some banks are marketing these services effectively by adopting the marketing concept and developing a marketing plan.

Marketing Concept

Arthur P. Felton describes the marketing concept when applied to a corporation as:

A corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are molded with other corporate functions, for the basic objective of producing maximum long-range corporate profits.⁶

James H. Newbury, Vice President of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, defines the marketing concept in banking as:

Managing your bank in such a way that all decisions--no matter how large or small or in what department--are made with as full as possible, prior knowledge of their impact on the bank's customers and prospects and consequently on the bank's immediate and long-range profit.⁷

Only in recent years have bankers recognized and accepted the presence of a "marketing concept" within the banking industry. The term is still often misunderstood because of its relative newness in the bank vocabulary.

Many knowledgeable bankers agree that a marketing concept exists, but they have not yet discovered precisely what this concept includes.⁸ In numerous instances the marketing concept has been

⁶Arthur P. Felton, "Making the Marketing Concept Work," Harvard Business Review, XXXVII (July-August, 1959), p. 55.

⁷James H. Newbury, Managing Customer Relations for Maximum Profit, Report to the Association for Bank Audit, Control and Operation, 16th Southern Regional Convention, April 26, 1965, Dallas, Texas.

⁸Kenneth Dew, "Establishing the Bank Marketing Organization and Defining Its Objective," Bank Public Relations and Marketing Association, 1966.

twisted to fit a bank's organization chart or system of operation, rather than employed to reshape the bank's overall efforts to conform with a sound marketing philosophy.⁹

Bank Marketing Plans

A bank that adopts the marketing concept will achieve maximum benefits if it prepares a marketing plan. A marketing plan is a blue print outlining the implementation of marketing activities during a specified period of time. The marketing plan involves the integration and coordination of various bank marketing functions and molding these into an effective program.¹⁰

The purposes of a marketing plan are threefold:

1. An evaluation of the present operation of the firm as compared to its competition.
2. The development of a clear picture of marketing opportunities and obstacles to be overcome. (Specific objectives can be developed from these conclusions.)
3. The development of a plan of action that efficiently combines the proper blend of marketing activities necessary to accomplish a firm's objectives within a specific period of time.

To accomplish these purposes a typical bank marketing plan includes:

1. Background information on the marketing problems the bank has encountered in the past and the marketing potential the bank has in its trade area.

⁹Ibid.

¹⁰Walter R. Miller, "Bank Marketing's Big Picture," Bankers Monthly (November 15, 1967), p. 41.

2. The goals and objectives that the bank wants to achieve within a certain period of time.
3. A schedule for the completion of the activities in the marketing plan.
4. A budget for the marketing program.
5. A statement on the profits to be realized at the end of the planning period.

Banks are in a competitive business in much the same sense as a manufacturer of products and retailers. Banks compete with each other, with savings and loan associations, with credit unions, with finance companies, with certain governmental agencies, and with every type of industry vieing for the customers' spendable income. To maintain their competitive position banks are more and more realizing that a vital factor in this effort is a thorough knowledge of markets or, in other words, a thorough knowledge of people.¹¹

Summary

Bank marketing activities include planning, research, advertising, public relations, service design, pricing and selling.

The marketing concept is based on the belief that all planning, policies and operations should be oriented toward the customer and that profitable sales volume should be the goal of a firm.

A bank marketing plan should include goals the bank wants to achieve, a plan for achieving these goals and a time schedule for the completion of the goals.

¹¹Terence E. Renaud, Vice President, National Bank of Detroit, n.d., p. 1.

CHAPTER III

HISTORY AND PRESENT STATUS OF BANK MARKETING

Historical Background and Evolution of Bank Marketing Practices

The purpose of this chapter is to point out the development of bank marketing practices while recognizing that there is a difference of opinion among bank historians as to when marketing activities were first practiced in the banking industry.

Generally speaking there are three viewpoints expressed as to the origin of marketing practices in banks. The first viewpoint is that marketing activities have been practiced to some degree since the money temples of ancient Babylonia were first established around the year 2000 B.C. The second viewpoint is that marketing activities have been practiced in the banking industry since the reopening of the banks after the "bank holiday" of 1933. The third viewpoint is that the evolution of marketing practices in banking started shortly after the end of World War II.

The money temples were the forerunners of modern day banking institutions. These temples were held in very high regard by the people of Babylonia because of their sacred importance. The Babylonians needed a safe place to deposit their money and the need was satisfied when the money temples were made available as a safe place

for their deposits.¹² The safe deposit services provided by the operators of the money temples were similar to safe deposit box services available from banks at the present time.

Early Bank Marketing Practices in the United States

Marketing practices in the banking industry in the United States can be traced from the inception of banking in this country.

Prior to the issuance of charters to banks by governmental authorities, private bankers served the credit and investment needs of American citizens. A Polish-born merchant, named Haym Solomon, was a notable private banker at this time. He came to New York in 1772 and established himself as a broker and banker. Solomon advertised freely in newspapers in New York and Philadelphia, in the English, French and Dutch languages.¹³ Solomon was possibly the first person in the United States to use advertising space in a newspaper to promote a banking service.

Of the marketing activities practiced in the field of banking at the inception of banking in the United States the advertising function was given the greatest amount of attention. Advertising played a major role in launching the first chartered banks in the United States. America's first chartered bank opening advertisement was printed in the Pennsylvania Packet newspaper on January 5, 1782, and six months later the first bank dividend advertisement was printed.

Bank advertising during the late 1700's and the early 1800's was primarily concerned with the information on organization progress,

¹²R. Kirby Whyte, "Bank Marketing Through a Fly's Eye," 1967.

¹³Clinton B. Axford, "An Historical Portfolio of Bank Advertising," Bankers Magazine, CL (Spring, 1967), p. 12.

bank charters, bank openings, banking hours, and banking services of this period of time. These advertisements resembled modern classified advertisements.

The first and longest-lived bank advertising symbol was "Beehive for Thrift." This symbol appeared in all advertisements sponsored by the Bank for Savings starting in 1819.¹⁴

In the late 1850's the movement west in the United States brought about both an increase in banking business and in the number of new bank services that were advertised in the newspapers and business directories of the day.¹⁵

Most prominent among the bank services were:

Buying and selling exchange, i.e., orders on other banks for payment of funds for which they charged very profitable fees. Collecting drafts and remitting funds, for which they charged fees. Issuing letters of credit.

Owning and offering for sale land warrants, i.e., State and Federal acreage grants, chiefly to war veterans. And, of course, making loans, chiefly by issue of their own currency, if national banks, but also by lending funds received as deposits.¹⁶

The American Bankers Association was founded in 1875. Its purpose is to keep its members abreast of the rapidly changing needs for banking services to develop and maintain educated and competent personnel for banks, to spread knowledge and understanding of economic problems, and to elevate the standards of bank management and service.

From 1868 to 1920 there was an increase in the number of banks in the United States from 247 to 20,109 state chartered banks. This

¹⁴Ibid., p. 16.

¹⁵Ibid.

¹⁶Ibid., p. 17.

rapid expansion in the banking industry resulted in keen competition among banks and contributed to a tremendous increase in bank advertising by the beginning of the twentieth century. As competition increased, new banking services were developed and promoted. In the late 1800's safe deposit box service, private parlors for ladies and interest on savings were advertised.¹⁷

Bank Marketing Practices 1900-1930

Before 1900 the philosophy prevailed that display-type advertising and other visible marketing activities were beneath the dignity of honest bankers.¹⁸ In 1900 imaginative and creative bankers made drastic changes in bank advertising. Bank cashiers were the advertisement writers for their institutions and they became the first bank personnel assigned modern day marketing responsibilities.

In the early 1900's banks increased the attention paid to service development, sales activities, the pricing of bank services, customer relations, and the gathering of market information.

There was a contrast in the advertising message of banks in the early 1900's. Banks in small communities used homespun philosophy and cited improvements in their bank operation. The large city banks concentrated mostly on displaying illustrations of their large buildings, mentioning their impressive capital funds, and listing the names of influential directors and officers.

¹⁷Ibid.

¹⁸Ibid., p. 29.

¹⁹Ibid.

In 1906 banks started advertising briskly for deposits and competition was sharp.²⁰ Many banks had an advertising manager, often a former newspaper man promoting financial services.²¹ Bank competition continued to grow as the number of banks increased between 1910 and the late 1920's. During this period a number of new bank services were introduced, such as Christmas Club Savings plans, life and property insurance, real estate loans, traveler's checks, and expanded banking hours. In major cities where there was stiff competition between banks, some banks were open 24 hours a day.

In the 1920's the concept of bank marketing was rapidly expanding. During this period banks were referred to as "Department Stores of Finance."²²

The stock market crash of 1929 brought about a shift in bank attitudes. For many years banks served and catered only to people that had money. Banks gradually came to realize the importance of offering a variety of services to a greater number of people. They now began to point out that their services were available to people from all walks of life. Prior to 1929 many banks thought they were meeting the public needs by renting safe deposit boxes, accepting time and demand deposits, lending on mortgages and prime paper and giving advice when requested.²³ Banks were not receptive in meeting the public needs for personal small loans.

²⁰John L. Cooley, Banking Goes to Market, Financial Public Relations Association, p. 12, n.d.

²¹Ibid.

²²Clinton B. Axford, p. 37.

²³John L. Cooley, p. 26.

Bank Marketing Practices 1930-1945

In the early 1930's the public image of banking was very low and there was a general hostility toward banks.²⁴ During these years the majority of the banks made little effort to make their services available. This resulted in a decrease in bank marketing activities.

The banks that survived the turmoil in the financial world following the stock market crash were those which had given their image a face lifting over the years. New policies, new services, cheerful quarters, courteous employees and sound public relations and marketing programs helped these banks overcome the unfriendly public attitudes of the early 1930's.²⁵ For example, personal credit loans by banks became a common bank service. Small personal loans were services people liked, understood, and needed and these services were promoted with increasingly aggressive merchandising skill. The banks providing these services profited not only through increased income but also in good will.²⁶

In the late 1930's the growth of the building and loan associations provided competition with banks for deposits.²⁷ This new competition caused banks to place still greater emphasis on bank marketing practices including advertising.

In the early 1940's, with the war economy in full swing, banks had little trouble finding customers, and used advertising

²⁴Ibid.

²⁵Ibid., p. 27.

²⁶Ibid., p. 28.

²⁷Ibid.

merely to keep their names, slogans and trademarks alive.²⁸ Marketing was de-emphasized.

Bank Marketing Practices Since 1945

When peace came in 1945 banks prepared for the tremendous task of meeting the country's growing financial needs. Earl Kelly, vice president of the Bank of America, at a national bank meeting stated: "Banks have a great opportunity. More than ever we need new thoughts, new approaches, new inspirational elements of leadership."²⁹ Marketing played a major role in the development of the new approaches in banking.

Bank services expanded rapidly during the post war years. Banks found that such new services as single-check payroll (firms could write out a single payroll check to the bank which then recorded the amount to go in each employee's checking account), in-plant banking (banking service available in industrial plants), revolving credit, freight payment plans, drive-up and TV banking, loans for college, no minimum-balance checking accounts, bank money orders, and special purpose savings accounts had customer appeal because they met special customer needs.³⁰ Bank staffs were carefully trained to be more effective in suggestive selling of bank services.³¹ An example of suggestion selling is that of a bank

²⁸George M. Wasem, "The Merge Into Marketing," Journal of the American Bankers Association, (October, 1966).

²⁹John L. Cooley, p. 32.

³⁰Ibid., p. 35.

³¹Ibid.

teller who accepts a loan payment from a customer and then suggests to the customer that he (the customer) might want to join the bank's Christmas Savings Club.

In the 1950's banks started to place greater importance on planning and market research. The larger banks in the United States began to establish marketing divisions or departments. In July of 1958 the National Bank of Detroit established a marketing division, and it was one of the first banks in the United States to do so.

"The decision was precipitated by a genuine desire to meet the needs of the so-called middle million of a growing area to a greater extent and in a more efficient manner."³² The National Bank of Detroit placed considerable importance on its marketing program and the bank became a leader in post-World War II bank marketing practices. Many banking associations have subsequently requested guidance from the National Bank of Detroit in planning bank marketing seminars.

Many banks that had been primarily business-oriented institutions in the early 1950's were emphasizing consumer banking services by the 1960's.³³

While banking as an industry placed greater emphasis on advertising, public relations and business development, all elements of, or related to marketing, during the post war years, it did not, in general, begin to adopt the principles of the marketing concept until the 1960's.³⁴

The American Bankers Association established a marketing department in 1965. The association has conducted marketing workshops and

³²Terence E. Renaud, Vice President, National Bank of Detroit, n.d., p. 1.

³³John L. Cooley, p. 36.

³⁴American Institute of Banking, p. 3.

seminars on marketing for member banks. To attract customers, increase deposits, and to sell their services, banks are currently offering premiums and other inducements.³⁵ Among the more recent innovations in banking services are: on-the-job banking services, mobile banking services, sale of airline tickets, tourist information services and automobile license renewal service. Some of the services cannot be translated directly into profits but are meant to generate good will. These include, "stocks of umbrellas to lend out on rainy days, sales of transit tokens, adding machines for public use, lobby displays of new products and 'kiddie corners' for junior bank customers."³⁶ Although banks have not universally adopted the bank marketing concept, the trend indicates that more banks every year are practicing marketing techniques and adopting the marketing concept.

Summary

Services offered by banks today were made available to the general public in the late 1700's in the United States. It was unnecessary for banks to actively promote their services because newspapers gave them extensive free coverage.

Newspaper advertising was the principal means of promoting bank services in the early 1800's. The migration west brought about an increase in banking activity and emphasis was placed on the promotion of services.

In the late 1800's there was a rapid expansion in the number of banks and competition among banks resulted in an increased

³⁵John Cunniff, "Banking Innovations Evident Everywhere," Minot Daily News, April 21, 1970, p. 6.

³⁶Ibid.

emphasis on marketing activities, particularly the promotion of services.

In the early 1900's the use of bank advertising continued to grow and bank cashiers were then assigned marketing responsibilities. The stiff service competition among banks resulted in some bankers staying open 24 hours a day. In the 1920's banks were first referred to as "Department Stores of Finance," reflecting their emphasis on merchandising. On the other hand, during the early 1930's banks did not actively promote or market their services.

The competition from building and loan associations in the late 1930's caused banks to increase their marketing efforts.

During the early 1940's banks were mainly concerned with keeping their name, trademarks and slogans before the public. After World War II banking services were in great demand. It was during these years that many modern day marketing practices were adopted by banks.

The larger banks began to establish marketing departments and placed greater importance on marketing planning and research during the 1950's.

The American Bankers Association established a marketing department in 1965 and began to conduct marketing seminars and workshops for member banks.

All in all, marketing has not been universally accepted in the banking industry. However, competition among banks and between banks and other financial institutions is alerting the banking industry to marketing as an effective means to compete in the struggle to reduce costs and increase profits.

CHAPTER IV

MARKETING PRACTICES OF NORTH DAKOTA BANKS

This chapter discusses the marketing practices of selected North Dakota banks. Comparisons are made between the marketing practices of North Dakota banks and the marketing practices of banks of comparable size in other states. Bank marketing surveys conducted by the American Bankers Association and the Bank Public Relations and Marketing Association will be referred to in the comparisons.

The American Bankers Association is the national trade association for the banking industry. The Bank Public Relations and Marketing Association is an international financial trade association specializing in public relations and marketing services to members.

A bank marketing questionnaire was sent to the presidents of seventy three banks in North Dakota. This represented all banks with \$5,000,000 or more in deposits. Bank deposits are comprised of demand and time deposits. Demand deposits consist of customer funds in bank checking accounts. Time deposits are customer funds that can neither be withdrawn in whole or in part until the expiration of a specified period of time. A written contract specifies the period of time.

Fifty-seven banks (78 percent) completed and returned the bank marketing questionnaire. Comments of respondents indicate that the questionnaire was completed in most cases by bank presidents. In banks

with relatively large deposits the questionnaire was referred to and completed by a bank employee with bank marketing responsibilities.

Twenty-nine of the banks surveyed were classified as state banks. A state bank is a corporation organized under the general banking law of a state and is authorized to do a commercial banking business. Commercial banking includes receiving individual, business and public deposits subject to check and savings withdrawal and a variety of other functions including various types of loans.

Twenty-eight of the banks surveyed were classified as national banks. A national bank is a corporation organized under the National Bank Act. The services available at national banks are the same as the services available from state banks.

Thirty-three of the banks surveyed were independent banks and twenty-four were group or stock corporation banks. An independent bank is a privately owned banking institution and is not controlled by any outside organized group or corporation. A group or stock corporation bank is a bank owned by an organization that owns two or more banks. Individual stock corporation banks are controlled by the corporation.

Interpretation of Bank Marketing

Marketing means many different things to bankers. This is evident in the survey of North Dakota banks as well as in nationwide surveys conducted by the American Bankers Association and the Bank Public Relations and Marketing Association. In Table 1 is the terminology employed by North Dakota bankers as that which best described banking.

Twenty-eight North Dakota banks stated that marketing involves various business activities that direct the flow of goods and services

TABLE 1
 TERMINOLOGY THAT BEST DESCRIBES MARKETING

Terminology	Number of North Dakota Banks
American Marketing Association definition	28
Planning and Coordinating for Profit	16
Selling	9
Advertising	6
Total	59 ^a

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

^aTwo respondents checked two choices on the survey.

from producer to consumer or user. This is similar to the definition of marketing of the American Marketing Association. Sixteen North Dakota banks indicated that marketing is planning and coordinating for profit. In books, articles and speeches on bank marketing, many definitions include the words "planning," "coordination" and "profit" or equivalent terms.³⁷ In a 1966 bank marketing survey conducted by the Bank Public Relations and Marketing Association, thirty-five percent of the responding banks stated that marketing means "planning and coordination for profit." In the same survey thirty percent of banks stated that marketing means "selling." Only nine of the North Dakota banks stated that marketing was best defined as selling.

³⁷Ralph L. Harding, "A Report on the Use of Bank Marketing Concept," Bank Public Relations and Marketing Association, 1969, p. 8.

There has been a growing acceptance of the application of marketing practices by the banking industry since 1945. Ninety-four percent of the banks in the United States included in the 1966 survey indicated that marketing applied to activities of any bank.³⁸

Similarly, ninety-one percent (52) of the respondent banks in North Dakota stated that marketing practices could be applied by all banks.

Although banks across the United States concurred that they could utilize marketing practices, there seems to be a lack of agreement on how banks could most effectively use marketing.³⁹ The absence of agreement may be due to a misconception or lack of understanding by banks of the meaning of the marketing concept.

There appears to be a positive relationship between the degree of understanding and application of the marketing concept and the extent of deposits of banks surveyed. The survey of North Dakota banks indicates that the larger the bank in terms of deposits, the greater the degree of understanding and extent of practice of marketing activities.

Organization and Responsibility for Marketing Management

A 1966 survey of the status of bank marketing conducted by the Marketing Department of the American Bankers Association revealed that, of the banks surveyed, 6.2 percent of those with deposits of less than

³⁸Ibid.

³⁹Kenneth Dew, "Establishing the Bank Marketing Organization and Defining Its Objectives," Bank Public Relations and Marketing Association, 1966.

\$50 million had marketing departments.⁴⁰ The Bank Public Relations and Marketing Association Research Report, referred to on page 18, pointed out that sixty-seven of the 466 banks responding to the bank marketing survey had marketing departments or divisions.⁴¹ This same report noted that 193 (41 percent) banks had no formal marketing organization. In lieu of a marketing department the marketing responsibilities of the bank were executed by the bank president in ten banks, by one bank officer on a part-time basis in forty-two banks, and in nine banks marketing was a part-time responsibility of more than one officer.⁴²

In the survey of North Dakota banks, twenty-three banks stated that the marketing responsibility was assigned to a single person. Twenty-six banks in North Dakota assigned marketing responsibilities to more than one employee. It appears that the larger banks in North Dakota assign marketing management responsibilities to one person. In contrast the smaller banks were those which assigned marketing management responsibilities to more than one employee.

Sources of Marketing Assistance

The limited resources available to North Dakota banks in the area of marketing requires that these banks seek outside assistance. The resources North Dakota banks use for assistance with the marketing activities is pointed out in Table 2.

⁴⁰American Bankers Association, Status of Bank Marketing, A Survey Report, 1966, p. 9.

⁴¹Ralph L. Harding, "A Report on the Use of Marketing Concept."

⁴²Ibid.

TABLE 2
SOURCES OF MARKETING ASSISTANCE FOR NORTH DAKOTA BANKS

Sources	Number of Banks Using
1. Advertising media in the community in which the bank is located	32
2. Trade associations	27
3. Advertising agencies	20
4. Correspondent banks	18
5. Marketing or management consultant	7
6. Holding company	3

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

The advertising media in the community in which the bank is located were most frequently used for assistance. Banks sought assistance from local advertising media because of their proximity and because advertising was a major marketing expenditure for many banks.

Planning and Budgeting for Marketing

The purpose of a bank marketing plan was outlined in Chapter III.

Fifteen (26 percent) of the responding North Dakota banks stated that they had a written plan outlining the objectives they planned to achieve through their marketing effort. In comparison, the 1966 Research Report of the Bank Public Relations and Marketing Association stated that, of the banks surveyed with deposits under \$10 million, 10 percent had detailed written marketing objectives.⁴³

⁴³Ibid.

The survey of North Dakota Banks also discovered that stock corporation banks had written annual marketing plans, marketing budgets, and an officer assigned marketing management responsibilities. The larger of the independent banks in North Dakota did have annual marketing budgets but did not have written marketing plans and did not assign the marketing management responsibility to one employee. The remaining banks did not have written marketing plans.

As shown in Table 3, thirty-six of the fifty-seven banks surveyed had budgeted for their annual marketing activities. As fifteen of these banks had some form of written annual marketing plans, there were twenty-one other banks which budgeted for marketing activities but did not have a written plan which outlined their marketing objectives. One North Dakota bank stated it has an annual budget for advertising activities.

TABLE 3
BANKS IN NORTH DAKOTA THAT HAD ANNUAL BUDGETS FOR
MARKETING ACTIVITIES

	Number
Had Annual Budgets for Marketing	36
Did Not Have Annual Budgets	20
Had Annual Budget for Advertising but not for marketing	<u>1</u>
Total	57

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

Prior to 1965 the American Bankers Association suggested that member banks use a guideline of \$1,000 per \$1,000,000 in deposits to

determine their marketing budget. The association did not point out the need to establish a budget which considered the goals to be accomplished in a marketing plan. Only five of the North Dakota banks surveyed indicated that they were using this guideline in determining their budgets. Most banks in North Dakota that had an annual budget for their marketing activities arrived at the dollar amount for the budget by reviewing their efforts for the previous year.⁴⁴ Little attention was apparently given to what the bank wanted to accomplish in terms of marketing goals during the year for which the financial budget was to be determined. In Table 4 is indicated the methods by which the banks surveyed determined their budget for marketing activities.

TABLE 4
METHODS BY WHICH BANKS IN NORTH DAKOTA DETERMINE THEIR ANNUAL
MARKETING BUDGET

Method	Number
Based on marketing effort in previous year	17
Need based on annual marketing plan	9
Determine the amount needed during the year	8
Based on percentage of deposits	6
Combination of first two methods	1
Total	41 ^a

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

^aMore than one method used by some respondents.

As previously indicated, fifteen banks had a written marketing plan, but only nine referred to their marketing plan in their determination of budget requirements. This indicates a lack of understanding

⁴⁴Survey of North Dakota Banks, Lyle C. Sorum, 1969.

of the relationship between the marketing plan and the financial resources necessary to accomplish the marketing task.

Retail and Wholesale Marketing Services

In the banking industry there are two kinds of markets for bank services. One market, the general public, is termed the retail market. The other market, business and industrial firms, is identified as the wholesale market.

The most common bank services available to the retail market are checking accounts, saving accounts, personal loans, installment loans, real estate loans and safe deposit box rentals. The most common wholesale banking services are inventory loans, construction loans, floor planning loans, trust services and the servicing of investments. Both of these markets require consideration in the development of a marketing plan and in the determination of the marketing budget.

The emphasis placed on retail and wholesale bank services by banks surveyed throughout the United States and North Dakota is pointed out in Table 5.

TABLE 5

COMPARISON OF NORTH DAKOTA AND NATIONAL BANKS RETAIL AND WHOLESALE SERVICES MARKETING EFFORT

Service	Percentage	
	North Dakota ^a	Banks in United States ^b
Retail	80	10
Wholesale	-	1
Retail and Wholesale	20	89

^aSurvey of North Dakota Banks by Lyle C. Sorum, 1969.

^b1966 Research Report, A Report on the Use of the Marketing Concept, Bank Public Relations and Marketing Association.

A probable explanation for the considerable difference in emphasis on retail and wholesale bank services between banks in other parts of the United States and North Dakota banks is that banks responding to the national survey were, for the most part, located in more industrialized areas than those in North Dakota. Banks located in the larger cities of North Dakota were in agreement with those in other areas of the United States that marketing efforts should be directed at both retail and wholesale markets.

Pricing Bank Services

Banks, like other businesses, attempt to make a profit on the services they provide. Banks determine the price they will charge for servicing checking accounts, renting safe deposit boxes, providing travelers checks and other services. The fees that can be charged for some bank services are governed by state and national banking regulations. These regulations apply to the interest that can be charged on loans.

The manner in which North Dakota banks determined the charges or prices for their services is illustrated in Table 6.

TABLE 6
HOW NORTH DAKOTA BANKS DETERMINE PRICES CHARGED FOR
BANK SERVICES

	Number of Banks Which Use
Prices based on what competitive banks charge	33
Prices based on cost of providing the service	30
Prices based on recommendation of correspondent bank	1

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

As revealed by the survey of North Dakota banks, prices charged for bank services were determined by what competitive banks charged and the cost of providing the services.

In general, banks located in the larger cities of North Dakota determined prices for their services on the basis of the costs to the bank in offering the services. They also weighed the charges of competitive banks for similar services. Banks located in the small communities of North Dakota based prices for their services on what competitive banks in their trade area charged. Banks located in the small communities did not appear to be as concerned with their costs of performing services as banks in the larger cities.⁴⁵

Advertising Practices of North Dakota Banks

In North Dakota, bank marketing practices are often related to advertising. In many North Dakota banks advertising appeared to be the only marketing activity that received substantial attention.

Advertising seems to be the most effective way for banks to communicate with present and prospective customers. The American Marketing Association defines advertising as, "any paid form of non-personal presentation and promotion of ideas, goods or services by an individual sponsor."⁴⁶

Bank advertising can serve four main purposes:

- (1) It can build friendly confidence; (2) it can present information about a bank and its policies and help sell bank services;
- (3) it can create character for a bank and provide a suitable

⁴⁵Ibid.

⁴⁶American Marketing Association, Marketing Definitions, Committee on Definitions, 1960, p. 9.

background for the sales efforts of every member of the staff, from the executives who call on the heads of corporations to the teller who urges her friends to open savings accounts or rent safe deposit boxes; (4) it can assist in improving morale and performance by showing the personnel--as well as the general public--the standards of good services and friendliness to be expected at the bank.⁴⁷

In Table 7 is shown the advertising media used by North Dakota banks. Daily and weekly newspapers were the most frequently used medium by North Dakota bankers. Newspapers were available in the majority of the communities in which banks were located and this possibly accounts for their extensive use by banks. Also, newspapers appeared to provide banks with the most thorough coverage of their market.

TABLE 7

ADVERTISING MEDIA USED BY NORTH DAKOTA BANKS

Medium	Percentage
Newspapers	100
Radio	95
Direct Mail	77
Posters	74
Television	60
Outdoor	33
Other	26

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

Of the banks which used newspapers, thirty-seven advertised in them as frequently as once per week. Of the banks which employed radio, thirty-six used it as frequently as once per day.

⁴⁷American Institute of Banking, Bank Public Relations and Marketing, p. 174.

A comparison of the advertising media used by North Dakota banks with advertising media selected by banks throughout the United States, indicates that there is a high degree of similarity of use. The distribution by percentage of banks in the United States by advertising media used is shown in Table 8.

TABLE 8
PERCENT OF UNITED STATES BANKS USING VARIOUS ADVERTISING MEDIA

Medium	Percentage
Newspapers	87
Calendars	75
Radio	67
Specialties	66
Direct Mail	54
Directories	50
Printed Material	44
Outdoor	40
Posters	31
Customer Premiums	21
Magazines	19
Television	18
Movie Theatres	14
Bus and Car Cards	5

Source: Banking, Journal of the American Bankers Association, August, 1969, p. 58.

Newspapers were the most commonly used medium in the United States as in North Dakota in 1969. Calendars, on the other hand, as an advertising medium ranked second in use by banks in the United States, but were not mentioned by banks in North Dakota. The latter considered calendars to be a specialty item or did not regard the cost of calendars to be an advertising expense.

The actual use of media by North Dakota respondent banks conforms to the opinion of these banks as to the effectiveness of the various media. Table 9 points out how North Dakota banks ranked the effectiveness of the media used in the state.

TABLE 9
DISTRIBUTION OF MEDIA BY EFFECTIVENESS AS JUDGED BY NORTH
DAKOTA BANKS^a

Medium Judged Most Effective	Number of Responses
Newspaper	19
Radio	11
Television	8
Statement Enclosures	2
Message Center	2
Direct Mail	1
Specialty Items	1
Posters	1
Movie Theatre	1

Source: Survey of North Dakota Banks by Lyle C. Sorum, 1969.

^aEleven banks did not answer this question.

There is an extremely close relationship between the media most used by North Dakota banks as shown in Table 7, the media used by banks in the United States as shown in Table 8 and the advertising media North Dakota banks believe is the most effective as shown in Table 9.

Banks are just beginning to establish means of pretesting their advertising. Although banks stated that certain advertising media were the most effective means of advertising, no positive method had been developed by them to measure accurately the effectiveness of their advertising. Large banks relied on assistance from their advertising agencies.

A survey of expert opinion on various methods for measuring the effectiveness of bank advertising concluded that there is no truly satisfactory system of measuring advertising effectiveness and that many banks do very little in the way of advertising testing.⁴⁸ A variety of measurement methods were used which indicated a lack of consensus on how to measure the effectiveness of bank advertising.

Another indicator of advertising media effectiveness is bank expenditures on media, as shown in Table 10.

TABLE 10

UNITED STATES BANK ADVERTISING EXPENDITURES BY MEDIUM

Media	1968	%	1969	%
Newspapers	\$ 72,259,600	27.8	\$ 79,576,000	27.9
Television	39,727,800	15.3	43,892,600	15.4
Radio	37,089,300	14.3	42,105,100	14.8
Outdoor	23,445,900	9	27,374,900	9.6
Direct Mail	17,540,200	6.3	19,927,100	7
Printed Material	13,882,200	5.3	14,961,900	5.2
Magazines	13,492,500	5.2	14,200,500	5
Specialities	14,272,000	5.5	14,068,100	4.9
Calendars	8,665,200	3.3	9,003,600	3.2
Posters	5,636,900	2.2	6,355,500	2.2
Customer Premiums	5,516,900	2.1	5,527,900	1.9
Directories	5,277,100	2	5,296,200	1.9
Bus and Car Cards	2,218,800	0.9	2,052,300	0.7
Movie Theaters	839,500	0.3	827,500	0.3
Expenditures reported by medium	\$259,864,900	100	\$285,169,200	100
Other	39,968,100		45,845,800	
Total expenditures	\$299,833,000		\$331,015,000	

Source: Banking, Journal of The American Bankers Association, August, 1969, p. 59.

⁴⁸The Status of Planning, Organizing and Measuring Results for Marketing and Advertising in Major Banks with a Well Developed Marketing Function, A Survey of Expert Opinion, William R. Davidson, Bank Public Relations and Marketing Association, 1967, p. 24.

Newspapers in the United States received the greatest share of the bank advertising expenditures. Approximately \$80 million or over one-fourth of all bank advertising media dollars were spent for newspaper advertising in 1969.

Summary

North Dakota banks indicated that their concept of marketing is best described either by the American Marketing Association's definition or by a definition which contained the words "planning" and "coordinating for profit."

Ninety-four percent of the banks throughout the United States as compared to ninety-one percent of the banks in North Dakota felt that marketing activities can be applied to, or practiced by, all banks. There appears to be a direct relationship between the understanding and practice of marketing activities and the size of banks in terms of deposits. The larger the bank the greater the extent of its marketing knowledge.

In North Dakota only twenty-three banks assigned the management of marketing activities to a single person. In larger banks the marketing management responsibility is assigned to one person and the responsibility for various marketing activities is assigned to several persons in small banks.

Most North Dakota banks request and receive assistance in the performance of their marketing activities from advertising media personnel in the community in which the bank is located. The probable reasons for this source of assistance are that advertising is the major marketing activity of these banks and that this assistance is readily available.

An important function for a marketing oriented bank is that of planning the marketing effort. Twenty-six percent of the North Dakota banks had annual marketing plans in writing at the time of the survey. This represented a higher percentage of banks than in the remainder of the United States.

Thirty-six banks in North Dakota budgeted for their annual marketing activities. Most North Dakota banks developed budgets based on their previous year's advertising effort.

North Dakota banks concentrated their marketing efforts on the performance of retail bank services. In contrast banks included in a recent nationwide survey believed that bank marketing efforts should promote both retail and wholesale bank services.

Banks in larger communities in North Dakota based service charges on the cost of the service to the bank and the level of service charges by competitors. Banks located in smaller communities generally established bank charges for services solely on what competitive banks were charging.

Newspapers were the advertising media most used by banks in North Dakota. The principal reason for this appears to be the availability of newspapers in communities where banks were located. In addition, newspapers were also noted by North Dakota banks as the most effective advertising media. On a national scale newspapers were also used by more banks than any other single advertising medium. Nationally, over one-fourth of all bank advertising dollars were spent for newspaper advertising.

Very few North Dakota banks attempted to measure advertising effectiveness. A variety of methods were used for measuring

effectiveness by those few banks. Attempts to measure effectiveness were most common among large banks who relied on assistance in this task from their advertising agencies.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The data used in this thesis was primarily obtained from a survey of banks in North Dakota with deposits over \$5,000,000, and articles and reports on bank marketing. A 73 percent return was received on the mail questionnaire employed by the survey.

Banks are in competition with other banks, savings and loan associations, credit unions, finance companies, government agencies and other types of industry that are vying for personal spendable income.

Many services offered by banks today were made available to the general public, business and industry in the late 1700s in the United States. In the early 1800s, newspaper advertising became the principal means of promoting these bank services. In the late 1800s an increased emphasis on bank marketing practices occurred as a result of the rapid expansion of banks.

In the early 1900s bank cashiers were the first employees assigned marketing management responsibilities. In the 1920s emphasis was placed on the merchandising of bank services and banks were referred to as "department stores of finance."

Because of the dismal economic conditions of the early 1930s, banks did not actively promote or market their services. In the late 1930s competition from building and loan associations forced banks to increase their marketing effort. In the war years of the 1940s, banks again decreased their marketing effort and concentrated on merely keeping their name, trade marks and slogans before the public.

After World War II, banking services were in great demand. The movement toward the application of modern day marketing practices in the banking industry started at this time.

During the 1950s the larger stock corporation and independent banks established marketing departments and placed greater importance on marketing planning and research.

In 1965 the American Bankers Association established a marketing department and a nationwide program was implemented to develop a marketing concept in all member banks. Since 1965, the association has conducted seminars and workshops on marketing for its member banks. The American Institute of Banking, the educational arm of the American Bankers Association, offers a course in Bank Public Relations and Marketing. The American Institute of Banking Chapter in Bismarck, North Dakota conducted this course for Bismarck area bankers in 1970-71.

The six major marketing activities of banks as defined by the American Bankers Association are planning, advertising, research, public relations, service design, pricing and selling. Bank marketing services include loans, checking accounts, saving accounts, trust, transfer of funds, safe deposit boxes, safe keeping and financial counseling.

Forty-nine percent of North Dakota banks surveyed stated that marketing was best defined as those business activities that direct the flow of goods and services from producer to consumer or user. This is the American Marketing Association's definition of marketing.

The "marketing concept" is based on the belief that all planning, policies and operations should be oriented toward the customer and that profitable sales volume should be the goal of the firm. This concept has only recently been recognized in the banking industry and has been often misunderstood by bankers.

Bank marketing plans involve the integration and coordination of various bank marketing functions. An acceptable bank marketing plan includes the goals the bank wants to achieve, a plan for achieving these goals and a time schedule for the completion of the goals. A typical bank marketing plan should also include information on past marketing problems, the marketing potential of the bank's trade area, a budget and a statement on the profits the bank hopes to obtain by the end of the period covered in the plan.

Forty percent of the respondent North Dakota banks assigned marketing management responsibilities to one staff member, usually a bank officer. Banks in North Dakota sought assistance in the development of their marketing effort from such sources as marketing consultants, advertising agencies, correspondent banks, trade associations. However the most important source of assistance was advertising media personnel located in the same community as the bank.

Only twenty-six percent of the respondent banks in North Dakota had annual marketing plans in writing. They were, in most cases, stock corporation and independent banks with large deposits located in major

North Dakota cities. In contrast, sixty-three percent of the respondent banks maintained annual budgets for bank marketing activities. In most cases the budget was based on the previous year marketing effort.

Seventy percent of the respondent North Dakota banks indicated that their bank's marketing effort stressed the retail banking services the bank has to offer. In contrast, a national survey indicated that eighty-nine percent of the banks surveyed believed their marketing effort should reflect both retail and wholesale banking services.

North Dakota banks determined charges for retail and wholesale bank services in one of two ways. Banks with large deposits and located in major cities in North Dakota appeared to base their charges on the cost to the bank in providing the service. Banks located in smaller North Dakota communities tended to base charges for their services on what competitive banks in the area were charging for a similar service.

North Dakota banks placed great emphasis on the marketing activity of advertising. Advertising historically has been the principal method used by banks to promote and identify their marketing efforts and programs.

North Dakota banks ranked newspapers as the medium they used most often in promoting bank services. Radio and television ranked second and third respectively. Newspapers were also considered by North Dakota banks to be the most effective advertising medium. Nationally the largest expenditures for bank advertising have been for newspaper advertising.

North Dakota banks attempted to measure advertising effectiveness in many different ways. The method used by most North Dakota banks was customer response to advertisements.

Ninety-one percent of the respondent North Dakota banks believed that marketing activities could be planned and executed by all banks in North Dakota.

Conclusions

The writer has discussed bank marketing with many bankers in North Dakota and from these discussions, as well as from the survey, has reached the conclusions which follow.

Bank personnel associated with stock corporation banks and large independent banks, have a knowledge of the nature of bank marketing. Personnel associated with small banks located in communities with populations under 10,000 in North Dakota as indicated in the survey, have a vague knowledge of bank marketing. Personnel of North Dakota banks situated in communities with populations under 10,000 associated marketing almost exclusively with advertising and public relation activities.

Most North Dakota banks surveyed did not write annual marketing plans because of an apparent lack of knowledge of what should be incorporated into a written marketing plan. In contrast most North Dakota banks budgeted expenditures for their bank marketing activities. This indicates that only a small number of banks base their budget needs on a program outlined in an annual marketing plan.

There were two distinct methods discovered by the survey as used by North Dakota banks to establish charges for their services. Stock corporation and large independent banks computed service charges on the basis of the cost to the bank in providing the service. Smaller banks tended to base service charges on what competitive banks were

charging for their services. This indicates that larger banks are more cost conscience than smaller banks.

North Dakota banks which responded to the survey used a wide variety of advertising media and methods to advertise bank services. Newspapers were the most frequently used advertising medium by North Dakota banks. Because newspapers are available and reach a more local market than other advertising media in North Dakota banks, they are the most important advertising medium for North Dakota banks.

Marketing activities can be undertaken by all banks in North Dakota. The degree of emphasis on marketing will depend on the individual bank's knowledge of marketing and its management philosophy.

Recommendations

The following recommendations are based on the analysis of the data from the survey of North Dakota banks with deposits of \$5,000,000 and over, and the experience of the writer as a bank marketing manager.

1. The North Dakota Bankers Association should sponsor and coordinate a series of bank marketing seminars and workshops to improve bank marketing education. The seminars should include such topics as: "Principles of Bank Marketing"; "Marketing for Banking"; "Sizing Up Your Marketing Opportunity"; "The Marketing Concept-Objectives and How They Apply to Banking"; "Marketing Research, Service Development and Pricing"; "Bank Advertising and Sales Promotion"; "Annual Marketing Plan"; "Budgeting for the Marketing Effort." To effectively market bank services a comprehensive cost-price profit study should be considered as a prelude to marketing action.⁴⁹ The workshop sessions

⁴⁹Ward J. McDowell, "The Future in Bank Marketing." Presentation at Bank Public Relations and Marketing Association Convention, Bal Harbour, Florida, November, 1966.

should give bank personnel an opportunity to develop bank marketing programs. Workshops could also include sessions related to the topics covered in the bank marketing seminars. Resource personnel to participate in these seminars and workshops can be secured from American Bankers Association, Bank Public Relations and Marketing Association, banks in the midwest that have outstanding marketing personnel and programs, and from the University of North Dakota and other colleges with qualified marketing personnel.

2. The North Dakota Bankers Association should give consideration to the development of a model of a written annual marketing plan that could be used as a guideline by North Dakota banks for their individual bank written annual marketing plan. The model should include all aspects of a marketing plan including budget requirements. The responsibility for development of such a model could be assigned to a special committee of the North Dakota Bankers Association assisted by a marketing consultant. An alternative method of creating a model of this kind would be to seek assistance from the American Bankers Association and the Bank Public Relations and Marketing Association.

Banks, such as those included in the North Dakota survey, must be provided with assistance from state and national trade associations in the performance of their marketing activities in order to more effectively meet the financial needs of their community. Only by such assistance can North Dakota banks hope to achieve profitable objectives and maintain their competitive position relative to other institutions that offer similar services.

APPENDIX

May I ask a favor of you or the person on your bank staff responsible for your bank's marketing or advertising program?

I am writing a research paper on the marketing activities practiced by banks in North Dakota as part of my requirements for a master's degree at the University of North Dakota.

Bill Daner, Secretary of the North Dakota Bankers Association, referred to this questionnaire in the NDBA's General Bulletin dated August 5, 1969.

Would you or the person on your staff responsible for marketing, please fill out the enclosed questionnaire and return it in the enclosed self-addressed, stamped envelope? I would sincerely appreciate it if you will do this for me right now while it has your attention.

Thank you for your kind cooperation.

Sincerely,

Lyle C. Sorum

LCS:jer
Enclosures

SURVEY OF BANK MARKETING

CONFIDENTIAL

1. In your opinion which ONE of the following best describes "marketing?"
 - a. Selling
 - b. Buying
 - c. Product Planning
 - d. Advertising
 - e. Business activities that direct the flow of goods and services from producer to consumer or user.
 - f. Planning and coordinating for profit.
 - g. Pricing

2. Does your bank have a written plan outlining the objectives and goals your bank would like to achieve through your marketing efforts?
 - a. Yes
 - b. No

3. Who has the responsibility in your bank for the management and control of your marketing activities?
 - a. Responsibility assigned to one officer.
 - b. Responsibility assigned to a staff member that does not have an officer designation.
 - c. Assigned to more than one officer or staff member. How many?
 - d. Other. Please state: _____

4. Please check those firms or organizations your bank employs or receives assistance from in regards to your bank's marketing activities.
 - a. Marketing or management consultant.
 - b. Advertising agency.
 - c. Correspondent bank.
 - d. Advertising media in your community.
 - e. Trade association. (N. D. Banker's Association, American Banker's Association etc.)
 - f. Other. Please state: _____

5. Does your bank have an annual budget for the marketing activities of your bank?

_____ a. Yes

_____ b. No

5a. If your answer to 5, above is yes, how does your bank determine the budget for your bank's marketing activities?

_____ c. Annual budget based on the needs outlined in written annual marketing plan.

_____ d. Determine the amount needed as marketing activities are decided on during the year.

_____ e. Other. Please state: _____

_____ f. Budget requirements are determined by the marketing efforts of other banks in our trade area.

_____ g. Based on marketing efforts in previous year.

6. How does your bank determine the amount you will charge bank customers for the various services offered by your bank?

_____ a. Based on a study of the cost to the bank in providing the service.

_____ b. Based on what competitive banks are charging for their services.

_____ c. Based on the recommendations of correspondent banks.

_____ d. Other. Please state: _____

7. Please check the advertising medias listed below that your bank uses and indicate approximately how often they are used.

_____ Daily newspaper

_____ Daily _____ Weekly _____ Monthly

_____ Other. Please state: _____

_____ Radio

_____ Daily _____ Weekly _____ Monthly

_____ Other. Please state: _____

____ Television
____ Daily ____ Weekly ____ Monthly
____ Other. Please state: _____

____ Weekly newspaper
____ Weekly ____ Monthly
____ Other. Please state: _____

____ Statement stuffers
____ Monthly ____ Quarterly ____ Yearly
____ Other. Please state: _____

____ Direct Mail
____ Monthly ____ Quarterly ____ Yearly
____ Other. Please state: _____

____ Posters (Window or Lobby)
____ Daily ____ Weekly ____ Monthly
____ Other. Please state: _____

____ Outdoor Billboards
____ Daily ____ Weekly ____ Monthly
____ Other. Please state: _____

____ Other Advertising Media your bank uses: _____

7a. Which one of the above media that your bank uses does your bank believe is most effective. _____

7b. How does your bank determine the effectiveness of the media stated in your answer to a. above.

8. Does your bank believe that your marketing efforts should be directed at

- _____ a. Retail banking services.
- _____ b. Wholesale banking services.
- _____ c. Both a. and b. above.

If your answer to 8 above is both retail and wholesale services which one of these services is of greater importance to your bank?

- _____ a. Retail
- _____ b. Wholesale

9. In your opinion, marketing activities can be undertaken by

- _____ a. Banks in North Dakota with deposits of \$10 million or over only.
- _____ b. Banks in North Dakota communities with a population of 5,000 or more people only?
- _____ c. All banks in North Dakota.
- _____ d. No banks in North Dakota.
- _____ e. Other, please state: _____

10. Other comments you may have regarding Bank Marketing.

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