

## Attracting the Younger Customer

Where's the growth? Who's buying? How one bank found out

BY THOMAS J. LEETCH

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**A**s a well-established community bank, we at Peoples Federal Savings Bank have long understood the need for younger customers. But two years ago, we were surprised to learn that our customers, with an average age of 55, were considerably older than we thought. It really was a wakeup call for the bank, where I am president and CEO. Our market area is the city of Boston and its surrounding communities of Allston, Brighton, Brookline, Jamaica Plain, Norwood, West Newton and West Roxbury. We have been serving these neighborhoods for 120 years. But two years ago, we knew

we needed to do something different.

We began to ask ourselves – how could we attract younger people to our bank, especially in a challenging economic environment?

Unlike the largest banks operating in Boston and its affluent suburbs, we knew that our community bank, now at \$577.4 million in assets as of yearend 2012, couldn't provide every service to every market segment. We needed to be smarter, to target markets where our brand could shine and focus our marketing efforts there.

We turned to two partners – COCC, our advanced financial technology service, and the

Long Group – a well-known financial service research firm. COCC provided data about our current customers. The Long Group enhanced the data using their CustomerLab program – a predictive model built from information gleaned from 20 years of market surveys. The combination enabled us to translate our core processing data into information, that information into knowledge and that knowledge into strategy and action.

Our strategy was based on knowledge of our bank, as well as our market. We became aware of what product lines represented growth opportunities to the bank, what



markets the growth was going to come from and who was going to do the buying. We were able to prioritize our prospecting efforts among customers for cross-selling and non-customers for prospecting.

The results were immediate and sustained. We saw a 200 to 300 percent sustained increase in sales volume. We immediately began to attract a younger client base in numbers and we witnessed full percentage point increases in household penetration in each of our markets.

The Long Group's analysis showed that our products didn't need to change. Our customers didn't want 17 different checking products governed by complex tiered interest rates. They wanted solid banking products and great customer service.

## Broadening our reach

We also discovered that many of our

customer households had just one account. One of our strategies was to expand these single-service households into multi-service households. Our greatest challenge was to communicate our brand to the markets served by each branch.

Boston is a very competitive market. Peoples Federal generated great success by using highly targeted marketing media – radio, cable TV, even advertising on the local buses. Our criteria was based on the media's ability to reach and dominate our markets and key demographics. Believe it or not, we received the most comments from customers who lived or worked along the bus routes – they noticed our messages.

The Peoples Federal brand really started to resonate. We communicated regularly with staff in each branch, showed them graphic snapshots of their market and our penetration. Everyone knew how they were

doing and the importance of every customer interaction.

More than selling products, we were suggesting banking services that we knew would help the customer. Every conversation was based on customer need. We didn't have quotas, just a focus on service.

In two years, our focused growth strategy produced a sustained 200 to 300 percent lift in sales, and we accomplished it with a level-funded marketing budget. Better yet, the average age of our customers went from 55 to 41, which is actually a bit younger than the current demographic profile of our market area. That bodes well for the future.

As our branch staff continues to provide outstanding service and we focus on the markets where we do best, we will continue to build a bright future for Peoples Federal Savings Bank. **BNE**