WHITE PAPER

# IDENTITY CRISIS

## IS YOUR NAME HELPING OR HURTING YOUR FUTURE GROWTH AND SUCCESS?

Some financial institutions struggle for years to answer the question of whether their name is a positive brand asset with high equity that could drive growth ("if only it could be marketed better"); or an anchor causing prospect disinterest, market confusion and limiting future market share growth and performance.

The answers to the question: "should we keep or change our name," often surprise many senior leaders and board members. Underlying it is a more complex set of branding challenges and competitive market positioning issues, not just a name challenge. So how should you find out the truth, with facts and clarity, to move forward to a clear and strategic long-range choice on such a mission critical decision?

### UNCOVER THE EQUITY AND CHALLENGES OF YOUR NAME, YOUR BRAND PERCEPTIONS, REPUTATION AND IMAGE IN YOUR MARKETS.

Without a well-managed process and expert brand and naming partners to guide and help you to proactively evaluate the strategic implications, the risks and scenarios of a name or brand change, emotions, personal opinions, and the irrational fear of the unknown usually prevail. These fears string out making a wise strategic decision; or worse, lead to reactive and costly short-term decision-making.

Risks and questions often dominate the early name evaluation stage among senior leaders and board members:

- How many of our members may leave over a name change and their pride in our history and roots?
- Could a name change be confused with a merger?
- Do we just have a brand and marketing problem that our people need to fix?
- Could this change hurt our staff culture, trust and confidence in leadership and the board?
- Could we lose all the name equity we've built up over all these years? How can we retain it with a brand new name?
- Will the huge cost be worth it in generating results, growth or improvement of our brand perceptions and market positioning?

The question of whether to change or retain your name is often not the right (or only) question that board and senior leaders should be asking. Our experience working with over 70 community banks and credit unions across the US and Canada the past 21 years in evaluating their name and brand equity has helped us define why a deeper set of relevant questions, strategic analysis, research insights and intelligent process is vital to achieving a successful decision. The following issues are critical to a deeper understanding of name and brand equity:

- The equity in your brand is far deeper, more complex and more far reaching than the equity (good or bad) of your name or corporate identity.
- It includes a wide range of elements that shape people's perceptions of you as a financial institution: image perceptions of your convenience, access, pricing and your online, mobile or branch capabilities.
- Uncovering your staff and internal stakeholder perceptions of your brand, logo and name can reveal keen on-the-ground insights and valuable perspectives that will increase their engagement and feelings of being part of assessing and ultimately enhancing your brand ahead.
- Do your target prospects in your market know they can join your credit union today (let alone know what a credit union is) and what the value is vs. a bank?
- The quality of your messages and the consistency of your brand from marketing communications to social media, branches and channel experiences (good and bad) can also influence how well your brand, name and identity is helping or hindering growth.

Instead of worrying about the unknowns of negative or positive name change impacts, management and the board are far better served investing in a professionally guided Brand Articulation Process to learn the truth, not just individual opinions. That evaluation process should include sound quantitative and qualitative market research, deep internal cultural engagement, strategic growth options analysis, target audience focus, mission and values assessment, and processes to define every potential scenario of change; and the impacts behind each choice.

By outlining and studying the risks, opportunities, challenges and cost/benefit of each brand or name change scenario option with full stakeholder involvement, you allow for sound strategic judgment and evaluation of long-term growth impacts that will be worth millions of dollars in brand equity, competitive positioning and market reputation over time.

Often, the perceived and de facto "safe" decision is to retain a name; and then update the logo and corporate identity. Some organizations even refresh the brand "look and feel." If not done well and comprehensively though, this can sometimes be an expensive "veneer refresh" that doesn't bring lasting and needed impacts.

Some rebranding efforts deliver a mixed variety of marketing impacts on badly needed image repositioning. However, if not executed and communicated well across the organization in terms of improving member experiences and cultural shifts, staff and members often see through that "lipstick on the pig." Especially if the more substantive brand inconsistencies, cultural challenges, market confusion and member experiences are not getting fixed and overall service and internal communication is not improved.

Assuming a decision is ultimately made to change names, the next steps of creating the right name and building a brand strategy that aligns your values, culture, distinctive personality and future vision will spell the difference between transformative success, high organizational impact and positive growth, or potentially wasted resources and time.

In our implementation work with some of the largest US and Canadian financial service organizations successfully changing names, retaining brand equity and driving new levels of member growth and positive cultural change, we have never experienced more than a handful of member or customer losses or defections (even among billion-dollar credit unions). In fact, quite the opposite, we have helped many credit unions drive record net member growth, loan growth, higher wallet share, increased rates of employee engagement and higher satisfaction and NPS scores. But there's a way to do the branding and naming process effectively—and many credit unions have failed to do it well on their own.

## BEWARE OF DECIDING TO CHANGE NAMES TOO HASTILY: ENGAGE A SAVVY PROCESS FIRST.

Before you leap to change names (or worse yet pick an inferior or un-trademarkable name) to solve market confusion or a lack of member growth, you should learn about the best practice processes.

A sound and professional name and brand evaluation process includes well-crafted market research to assess the difference between your brand equity; your competitive value proposition in consumers' minds; your reputation and your name equity. Each of those issues are distinct in tangible ways that can help ensure you avoid a costly and major mistake — and make the right strategic marketing decision that will drive positive growth, enhance your brand image, retain members and help you achieve your long-range strategic growth objectives.

Employing a nationally skilled strategic branding team helps organizations perform an unbiased and expert third-party evaluation of the equity in their existing name (or names, as many have multiple company names) and brand with sophisticated and tailored research methodologies, competitive insights and consensus-building team processes. This brand and name assessment process often proves invaluable in understanding the current state of the brand and defining a strategic and meaningful "transformation" of the brand or name that will drive change and tangible metrics of growth, cultural focus, and a positive brand image the next 10–20 years.

Some industry leaders have turned to market research firms hoping research alone will reveal a "silver bullet" study that definitively answers the question "should we change or retain our name." Arriving at a "red or green light" conclusion from a small sample of members or prospects on such a critical long-range strategic decision as your name and brand though, is like having your chiropractor advise you on whether to have open heart surgery.

Research alone is a poor substitute for intelligent processes, market and target segment analysis and strategic growth planning issues surrounding such a multi-faceted marketing issue. Robust brand and name processes should include a comprehensive 360 assessment that evaluates your unique market position, competition, target growth goals and vision — long before developing any recommendations, strategies, scenario options, or launching new names or rebranding programs.

The decision to change your name should never be driven primarily around the fear of losing or keeping existing members happy or comfortable. Most consumers don't want change nor see value in growth (despite the fact it is vital to long range sustainability). The decision to change names is a decision of long-range competitive positioning, growth of future audiences and new market expansion.

A bold new brand — and sometimes a new name — can help you tackle deep-rooted marketing challenges such as attracting new younger millennial consumers who don't know why a credit union is a viable banking option; grow young families; and increase relevance to small business owners who are often totally unclear about their ability to join. Think for a moment about what the name Lockheed Federal Credit Union might mean to people under 30: is it a relevant place for them to bank, or a name filled with confusion (despite the fact you have an open community charter, most consumers don't know what that is, and are left asking—"can I join if I don't work there?").

We believe in managing intelligent internal and external strategic processes that engage stakeholders: from board members and managers, to staff and volunteers. This early level of gaining "ownership" among key stakeholders can later help you build alignment to manage the emotions and communications around any changes you make.

## SHARED VISION AND FOCUS ARE CRITICAL BEFORE CONSIDERING A NAME CHANGE.

Many credit union leaders wonder what scenarios may suggest or trigger a strategic reason to evaluate whether to consider or evaluate a name change, create a new logo, or launch a comprehensive rebranding program. Here are some insights into what we have seen other leaders identify as major triggers:

### Scenarios that should trigger an immediate name and brand evaluation:

- Your primary sponsor demands it (or is clearly about to), leaving your medium and long-term future uncertain.
- Your main sponsor is struggling, shrinking, closing the plant, reducing or closing a military base, or is relocating.
- You gained a community charter field of membership and your name has not helped you grow from years of market confusion.
- You switched between a state and federal charter and need to change name and logo.
- A merger creates an opportunity to reposition a fresh and new name and brand collectively that gets you noticed and helps to grow market share (e.g. Catholic Credit Union and Yakima Valley Credit Union in Washington became Solarity).

### Scenarios that may trigger a name and brand discussion:

- Market research uncovers a high degree of name and eligibility confusion among key target market prospects that is limiting awareness, interest and marketing effectiveness, and correspondingly has limited member growth.
- Original sponsor or legacy name has its own brand reputation and market image (e.g. Lockheed; Motorola; Vandenberg Air Force Base) that does not align well with your future target prospects and market growth.

- Another credit union(s) or community bank name in your market has caused ongoing confusion among consumers for years.
- Your original sponsor, employer group or governmental agency is susceptible to shifts, moves or downsizing that would leave your credit union vulnerable.

## Should your name tie strongly to the legacy and heritage of the credit union?

There are many reasons organizations choose specific types of names. Not every credit union should expect to have the same name strategies and objectives — such as tying their names to the history and their community. While some credit unions want a very strong tie to their past legacy and heritage, others see no value and in fact want to move beyond their past ties, as the confusion it has created with target prospects.

These are true strategic branding and growth challenges that a name and brand can either help, or hinder for years to come.

Many of your future target growth prospects don't have any historical or emotional ties to your legacy name like older long-term members do — or board members who have strong emotional and historical ties to the original field of membership. In fact, many consumers are often confused by credit union names, believing they can't even join; thus making the name irrelevant to their consideration of opening accounts. Their perspective is often, "why even think about moving from Chase to John Deere Community Credit Union if I don't work there?"

Strum has created many new names and brands with strong ties to historical roots, sponsors, or local geographic communities— but only when our clients' objectives, future growth, branding criteria, market research findings, and market positioning called for such a close tie. Here are just a few:

- Northwest Resource Community Credit Union in Portland, OR became Trailhead to reflect their green northwest heritage, the Lewis and Clark Trail, the beloved Portland Trailblazers and their cultural values of guiding young entrepreneurial members to blaze new trails in life. Following seven years of membership and loan declines, they grew net membership 19% in the first year, loans 21%, new account opening 346% and website visits 28%. In three years, overall membership average age was reduced by eight years, ensuring greater sustainability.
- Lockheed Federal Credit Union impacted by a legacy sponsor's military perceptions and market reduction (and move to the east coast), and resulting community charter confusion, became Logix Smarter Banking to reflect their historical roots, but focus on a dynamic and savvy new image appealing to millennials and growing young families in Southern California. The new name and brand helped overcome market confusion that 78% of people under age 40 either did not believe they could join, or didn't know. It has led to six straight years of record member growth, tremendous loan growth and among the nation's highest ROA ratio; in one of the most competitive markets in the US.
- Clark County School Employees Credit Union became iQ to celebrate their educational roots with a relevant brand tagline of "financial intelligence has a payoff." They grew net new membership 15% the first year after five years of zero growth.

## What should leaders prioritize in evaluating their credit union's future strategy?

It is the responsibility of senior leaders and board members in their governance of long term strategy, to look forward 5, 10, even 20 years without personal bias, and to ask the right strategic questions about any major change to the assets of their organization. Questions like:

*"Where will our future healthy growth come from, and how can we best position ourselves for that growth?"*

*"How do we identify the barriers that are hindering our future targets from perceiving they can join us?"*

*"What is right for our entire membership as we look to the future, and where we will grow and diversify into new markets where our name and brand is less known?"*

*"What decision will most ensure our long-term sustainability, ability to compete and differentiate effectively as we evolve in serving our members and future prospects?"*

*"How do we ensure that our decisions honor our past, respect and retain our members (including long term members) and open the doors to welcome new generations of consumers to how our credit union will improve their lives?"*

Whatever decision your organization chooses with your name, brand, and logo, the board and management should strive to reach aligned purpose and shared focus on the future decisions together.

Building a long-term strategic basis for decision-making helps leaders avoid getting mired in personal opinions and irrational fears of change, all which interfere with wise and thoughtful strategic business decisions. To fully ensure your credit union's future success, increasing your brand relevance to your future target prospects' lives (especially younger ones), will help you be more proactive in building a clear vision and purpose for why you exist today, while ensuring positive growth for years to come.

## ABOUT THE AUTHOR

Mark Weber is the CEO and Chairman of Strum, a 30-year nationwide leader in financial services branding, business intelligence analytics and data-driven strategy. With offices in Seattle, Boston and Atlanta, Strum has helped some of the nation's highest performing financial institutions evolve their growth focus and amp up results with its deep brand knowledge, digital marketing expertise and innovative insights.

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