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Banks Turning to Online Marketing

By Martin C. Daks

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As bankers in New Jersey and elsewhere face an increasingly competitive market, more are looking to tap into podcasts, social networking sites and other channels as part of a non-traditional marketing strategy.

In a bid to provide some guidance, the New Jersey Bankers Association last week hosted a seminar at the Hilton Hotel in Woodbridge on "Social Media and Web Site Strategies." "Given the intense competition for customers, marketing is a prime issue for bankers," says Timothy E. Doherty, spokesman for the Princeton-based banking group.

"Any marketing technique that can increase a bank's effectiveness is welcome," Doherty says.

Banks are grappling with issues similar to those that record companies, television stations, moviemakers and other industries must adjust to: the migration of their customers to the Internet, particularly via cell phones and other handheld devices.

"Part of the concern, particularly with banks, is that they're subject to stringent regulations, and while you can control your end of a message in a podcast or blog, it can be difficult to control what other people post on your site," says Steven L. Lubetkin, a former spokesman for Bank of America who heads Lubetkin & Co. Communications LLC in Cherry Hill.

On the other hand, "blogs, podcasts and other Web initiatives represent a cost-effective, yet under-utilized, marketing tool," he says.

Marketing via podcasts and social networking sites can require a more nuanced approach than traditional advertising uses. "It's kind of a thought-leadership effort," says Christine Irving, a spokeswoman for Lubetkin client Sun Bancorp Inc. in Vineland. "Our mortgage podcasts focused on the mortgage experience, how to apply and what kinds of information a borrower needs to gather. It was definitely not a Sun-based commercial."

Some big lenders like Bank of America have launched social networking sites that enable individuals to post questions and list gripes, regardless of where they do their banking.

"Small-business owners want to share their challenges with peers and experts," said Bank of America last year when it launched Small Business Online Community (smallbusinessonlinecommunity.bankofamerica.com/index.jspa).

But Sun has not yet opted for a similar site. "Technology will certainly be part of our marketing efforts going forward," says Irving. "But for now, CEO Thomas X. Geisel is evaluating a variety of strategies."

PNC Financial Services Group Inc., a Pittsburgh-based regional banking company with a prominent New Jersey presence, has launched some podcasts but isn't ready to launch a social networking site.

"We're actively reviewing and pursuing more tech features that will make banking easy and convenient for customers," says PNC Spokesman Edward J. Kozmor. "Toward that end, we are looking into expanding our Internet activity as well as traditional advertising and other campaigns."

Financial institutions are certain to venture into some forms of social network marketing, according to TowerGroup, a research and advisory firm in Needham, Mass.

"The social networking environments created by LinkedIn or Facebook—or the next new social network—have enabled more participative work through trusted relationships," says Rodney Nelsestuen, a TowerGroup senior analyst who wrote a February report titled, "Sourcing Strategy in Financial Services: Will Everything Go Web 3.0?"

"The business world and technology will continue to evolve and change, just as it has for decades," says Nelsestuen. "The inevitability of change makes one of the well-known sayings of Star Trek's fictional Borg true in the real world: Resistance is futile."

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