

NOVEMBER 2021

A Tale of Two Approaches: How Financial Brands Market to Small Businesses

By **Amber Buker**,
Director of Insights,
Alloy Labs Alliance

If you search the internet for advice on marketing to small businesses, you'll find few sources on the subject. The information that is available boils down to a few short recommendations: focus your messaging on saving business owners time or money, and make sure you have lots of testimonials. But what this really comes down to is demonstrating value. That value will look very different from bank to bank.

We can break banks' strategies for marketing to SMBs down into two categories: people-led and product-led. Geographically focused community banks tend to focus on the former, while digital-first brands focus on the latter.

Table of Contents


The People-Led Approach	4
The Product-Led Approach	6
Influencer Marketing	7
Leveraging Your Unique Wedge	8
Finding a Hybrid Approach	9
A Unifying Principle	11
What we learned	13



Citizens of Edmond sends “cash mobs” to local businesses to make purchases.

The People-Led Approach

Every third Saturday from March through October, the team from Citizens Bank of Edmond can be found at the intersection of 1st and Broadway directing food trucks, speaking with pop-up shop owners, and making sure musicians have everything they need to perform at Heard on Hurd. The local festival was created by the team at Citizens to draw businesses and tourism into downtown Edmond, a satellite town about twenty minutes north of Oklahoma City.



Jill Castilla, an Alloy Labs Alliance member and CEO of the \$352 million asset bank, explains, “[w]e made a decision about 8 years ago that we wanted to consolidate to all our branch locations to downtown Edmond and really invest in making this place an incredible place to come visit — to eat and shop and bank.”

The festival is having the desired effect, bringing in over one million attendees and \$38 million in economic activity since its inception. That activity has helped to grow Edmond businesses, and it’s benefitting the bank too.

“We have people that come to work at this bank solely because they want to be involved in [Heard on Hurd],” says Castilla. “We used to open up 100 accounts a quarter, now we’re opening 100 accounts a week. The attraction for small businesses to come to this bank is unlike anything I’ve ever seen.”

Citizens doesn’t have a particularly unique account structure or incentives driving that growth. Castilla attributes it all to their work in the community. “It’s really about the social alignment; the acknowledgement of the bank’s role in helping small businesses.”

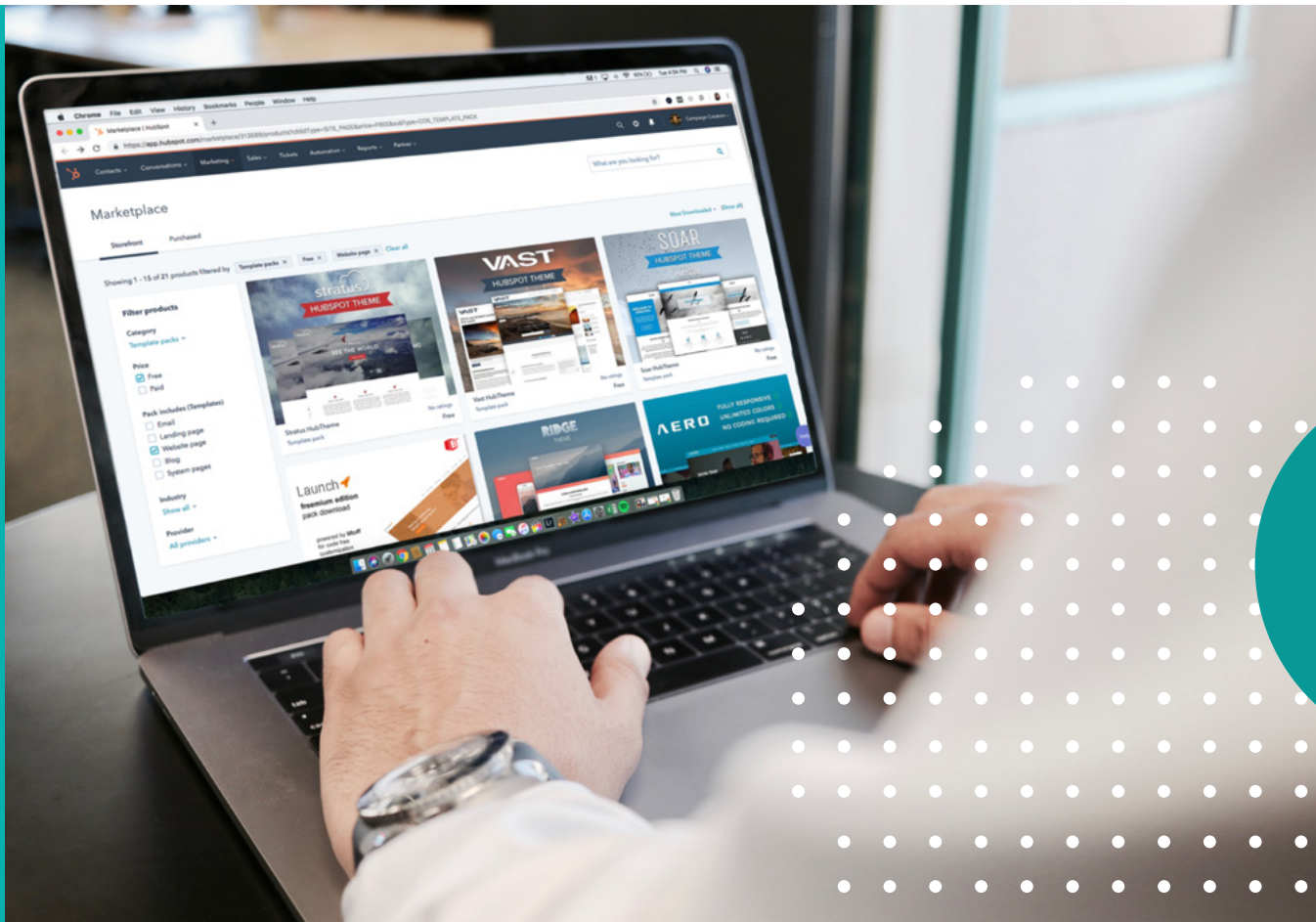
In addition to Heard on Hurd, Citizens also offers small business customers a co-working space and a storefront incubator program. They occasionally send out “cash mobs” to flood local businesses with purchases. Prospective customers see the Citizens team out in the community so often that Castilla doesn’t have to worry about marketing spend.

“Traditional bank marketing is just something we don’t do,” Castilla says. “The most effective way of knowing a small business and having them know Citizens Bank of Edmond is engaging with them at their place of business and supporting small business efforts.” She continues, “[b]eyond that, it’s earned media about how we’re doing good for small businesses in our city. That organic story often resonates with a small business because they know the difference between paying for something to get your name out there versus earning it.”



Traditional bank marketing is just something we don’t do. The most effective way of knowing a small business and having them know Citizens Bank of Edmond is engaging with them at their place of business.”

Jill Castilla
CEO, Citizens Bank of Edmond

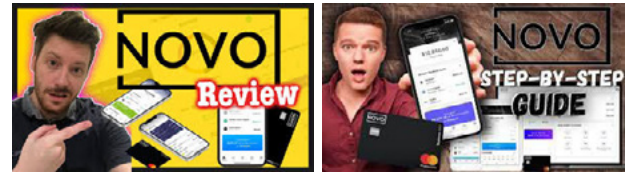


The Product-Led Approach

Because all-digital brands can't rely on in-person connections with potential SMB customers, they must take a product-led approach to marketing. Some successful brands leverage influencer marketing to highlight product features, while others rely on the uniqueness of their wedge product to grow a loyal customer base.

Influencer Marketing

2021 was a huge year for Novo, an all-digital small business banking platform.



The three year old fintech was well-positioned for the ‘Summer of Quitting,’ which saw record numbers of people leaving their jobs. About a third of those who resigned did so to start their own businesses. They needed new accounts, but many didn’t want to go to a bank in person to sign documents. Novo provided the answer.

Novo’s platform enables users to open accounts quickly, 100% online. The platform also helps SMBs accept payments, send invoices, and connect outside business management apps into a single, user-friendly interface. Due to the platform’s utility and accessibility, Novo experienced “hockey stick” growth during the pandemic, CEO Michael Rangel told TechCrunch.

Over the last few years, Novo has maintained a steady stream of new product launches, grown to over 100,000 SMB customers, and been recognized by CNBC and Money Magazine for providing one of the best small business checking accounts. One of Novo’s most visible marketing tactics is securing product reviews. A quick search for

the company returns reviews from Nerd Wallet, Money Under 30, Forbes, Business Insider, and many others.

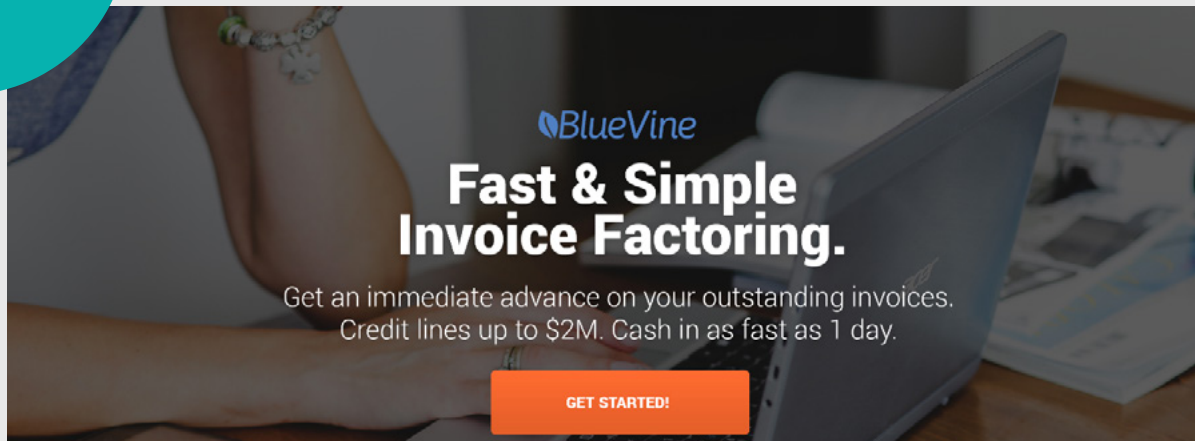
Nicky Senyard specializes in helping banks get placement in many of the same outlets Novo has found success with. As CEO of Fintel Connect, she connects banks with publishers for reviews and other types of content. The best part of making these arrangements through Fintel is that banks only pay for performance — when content leads to conversions.

“When considering your marketing strategy for small business customers, your audience is actually not entirely dissimilar from your retail customers,” Senyard says. “They go through the same decision-making process as anyone else, which means influencers and publishers play an important role in their research process.” Senyard says many content outlets have dedicated SMB teams and drive thousands of new customer sign-ups for their partners each month.



When considering your marketing strategy for small business customers, your audience is actually not entirely dissimilar from your retail customers. They go through the same decision-making process as anyone else, which means influencers and publishers play an important role in their research process.”

Nicky Senyard
CEO, Fintel Connect



Leveraging Your Unique Wedge

Another product-led marketing strategy stems from how a digital brand deploys its financial products. Companies that start with a unique wedge product are able to build an audience that they can easily market additional products to down the line.

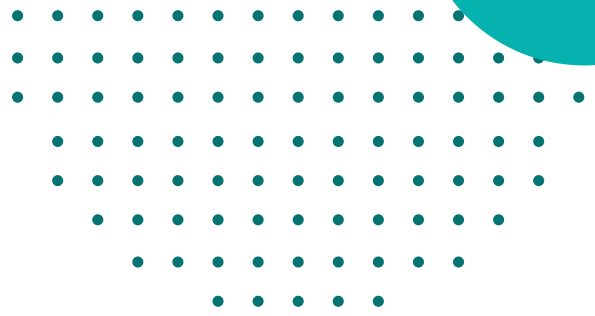
This strategy worked well for BlueVine, a California-based fintech founded by the son of a physical therapist who owned his own clinic. Initially, BlueVine focused exclusively on invoice factoring, wherein a company pays a large portion of a business owner's invoices to help them free up capital and better manage cash flow. The factoring product was first deployed in 2014. It enabled BlueVine to grow its customer base while the company developed its next product.

BlueVine's business line of credit launched in 2016, and by 2019 the company had funded over \$1 billion in working capital financing. 80% of that business came from returning customers.

Today, BlueVine is synonymous with its initial wedge product — invoice factoring. Over half of the traffic to BlueVine's website comes from people navigating to it directly. About a quarter of the site's traffic comes from search engines — 98% of which are organic searches. The top five keywords are all some variation of the company's name. Because of the strength of its initial product wedge, BlueVine has been able to build a well-known brand and a loyal customer base.



BlueVine founder Eyal Lifshitz with his father — an entrepreneur whose working capital needs inspired the creation of BlueVine



Finding a Hybrid Approach

While some banks and fintechs can rely almost solely on people-led or product-led marketing, most financial institutions are caught somewhere in the middle. They try to stay true to their local roots while reaching for the promise of digital customer acquisition.

One institution straddling that line is Alloy Labs Alliance member Horicon Bank. The \$1 billion asset bank is based in Wisconsin and has strong ties to the local community. To strengthen the product-led side of its operations, the bank recently acquired a fintech and gained its founder, Christian Ruppe, as the bank's new VP of Digital Banking in the process.

Ruppe walks in two worlds. He's a fintech founder turned banker; a digital native working for a community financial institution. This vantage point gives him a uniquely blended perspective on what small business owners want from their banks, and how to market to them.

As a fintech founder, Ruppe had to go through the process of selecting business bank accounts himself. He described the process of opening those accounts, saying "I did my own research, found the [bank] that I liked, and then opened an account online." While Ruppe notes he never talked to a person to accomplish the task, he understands there's a large group of people who do want to. "They want that sentiment," Ruppe says, "they want to reinvest in their community. And we have an advantage in that, whenever you bank with us, you can call us and we're going to answer. The person that you're working with is down the street from you."

Many community banks are in a similar position to Horicon. They're trying to deploy resources that satisfy both tech-savvy folks who select their bank based on online research and individuals who want to bank with institutions that are highly visible and giving back to their communities. Horicon fights on both fronts.

“What has helped us grow the most on the business side is hiring business bankers that are very connected in the community,” Ruppe says, “and then we empower them to get even more connected” by getting them involved in groups like the chambers of commerce. This kind of locally-focused strategy underlies Horicon’s tagline. The bank believes it’s “the natural choice” of banking partner for local residents.

Fueling the product side of the bank’s customer acquisition strategy is what Ruppe refers to as “Phase 1 of the bank’s digital transformation,” which includes an online application for SMB checking and savings accounts. The bank is currently using Total Expert for some marketing automation, and has designs on leveraging transaction data to help identify small business owners that are already using its consumer products.

In particular, the bank sees the gig economy as an area of opportunity. Ruppe notes that the bank would be able to identify gig workers from transaction data and has the expertise to market to people in that segment. But Horicon is not ready to execute on that just yet. They want to have a tailor-made product before they begin marketing to that segment in earnest. “I don’t want to market to you just because I know how to get in front of you,” Ruppe explains. “I want to market to you because I feel like we have the best product for you.”

The Horicon team is actively looking for ways to test new ideas quickly and cheaply so that they can develop that ideal product. As a member of the Alloy Labs Alliance, the bank has access to a framework for operationalizing product innovation through The Concept Lab — a reverse accelerator that enables banks and tech startups to work together to incubate new categories of service.



I don’t want to market to you just because I know how to get in front of you. I want to market to you because I feel like we have the best product for you.”

Christian Ruppe

A Unifying Principle

One thing that most financial marketers agree on is that marketing to business owners isn't all that different from marketing to consumers.



Texas Security Bank offers a speaker series and executive leadership training program for business customers called TSB Academy.

A few months into her new role as Chief Marketing Officer for corporate card fintech Brex, June Sauvaget, [told](#) The Muse that “the marketing challenge in almost any business is to establish a human connection with the customer that evokes an emotional response to your brand.

In a recent marketing campaign, Sauvaget focused on telling the stories of small business owners who are customers of Brex. The campaign, which only launched in Miami, Houston, and Washington D.C., featured the slogan “remember why you started.” The ads showed real Brex customers revealing the reasons they started their businesses. These ‘whys’ included missions like “to inspire young dreamers” and “to hone my craft.” The campaign was impactful. Searches for Brex jumped by 60 percent month-over-month in the cities where the campaign ran.

Telling stories that resonate with small business owners is a big part of Pamela McQuade’s work at Texas Security Bank too. McQuade serves as Vice President for the \$1 billion asset bank based in Dallas and as Executive Director of its business education program. The program includes a speaker series and an executive leadership training program called TSB Academy.

McQuade agrees that the principles of marketing don't change based on the audience. "The needs are different only in product offering," she says, "but the basic premise of marketing stays the same. The focus is always the client and how you can best serve their unique needs."

One unique need Texas Security Bank identified among its small business customers is foundational business skills training. "There is a misperception that if you've started a business you know how to run a business. But, statistically, business owners or their key players are often not educated in the disciplines needed to effectively run the business." TSB Academy was designed to give business owners the skills they need to make it to the next level. It's one way that Texas Security Bank lives its mission to be the "Champions of Free Enterprise," and McQuade says it's an important differentiator for the bank from a marketing perspective.

Another key message in Texas Security's branding is the idea that the bank's leadership understands what it means to be an entrepreneur. "Our founders put a significant portion of their money into building Texas Security Bank," McQuade explains. "They understand what it is like to quit their jobs and take a huge risk to start an enterprise; they have lived what it is like to try to make payroll and navigate tough times. This resonates with business owners. This is a story that connects with people's hearts."



Our founders understand what it is like to quit their jobs and take a huge risk to start an enterprise; they have lived what it is like to try to make payroll and navigate tough times. This resonates with business owners. This is a story that connects with people's hearts."

Pamela McQuade

Vice President, Texas Security Bank

What we learned

Banks that are focused on **servicing a particular geography can find success** by embedding themselves in their communities in a way that brings value to local businesses.

Examples are:

- Citizens Bank of Edmond's monthly festivals and other programs, which bring them earned media attention.
- Texas Security Bank's business owner education programs, which help them differentiate in a crowded Dallas market.

Digitally-focused banks tend to **acquire new customers by focusing on product offerings** that make it easier to run a small business.

- Business banking platform Novo leverages product reviews and awards to get in front of SMB owners researching their potential bank partners online.
- The use of a unique wedge product can help build a strong financial services brand and a loyal customer base, as invoice factoring did for BlueVine.

It can be difficult for banks to allocate resources to market to local communities and digital customers.

Starting with a strong community foundation and then building on that with digital options and exploring new products through groups like the Alloy Labs Alliance is one way to begin building a hybrid approach.

At the end of the day, marketing strategies for SMBs may not look all that different from those for consumers. All marketing is about connecting with customers on a personal level.

About the Alloy Labs Alliance

Alloy Labs is a member-driven shared innovation lab that helps banks operationalize innovation.

Leveraging the network effects of over 50 institutions, our members are able to reduce risks, lower costs, and shorten the time between ideas and results. We do this by generating proprietary insights, developing partnerships, and making strategic investments. Alloy Labs also operates The Concept Lab, a reverse accelerator that helps banks cement relationships with startups accepted into the program, and the Alloy Alchemist Fund, a strategic investment group that invests in startup partners.

For more information visit
[**www.alloylabs.com**](http://www.alloylabs.com)