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All Time High In Bank Advertising

According to recent statistics by the American Bankers Association commercial banks in the United States spent an estimated \$375,800,000 for advertising and promotion in 1969—25% more than the \$299,800,000 they spent in 1968—13% more than the \$331 million they had planned to spend in 1969.

The American Bankers Association 1970 Bank Advertising and Promotion Survey is based upon responses of nearly 1,500 banks—commercial banks of all sizes and types selected so as to represent, for all effects and purposes, the commercial banking community.

That 1969 expenditures were high is clear. That the increase was dramatic is evidenced by two points. First, expenditures were 25% greater than seen in 1968. Second, the increase was even greater than planned—13% more than planned as indicated by last year's survey.

Perhaps even more relevant than the size of the increase was that the rate of increase varied widely in relation to banks' deposit size. Some of the largest rates of increase were shown among smaller banks.

Probably reflecting economic pressures, bankers' estimates

don't indicate that 1969's growth will be repeated in 1970. Only a 2% increase is forecast. And, almost as a converse as to what was shown in 1969, some of the largest declines are planned by smaller banks.

The average commercial bank's 1969 advertising and promotion expenditures amounted to 1.46% of operating income. This measure is analogous to the advertising-to-sales ratio used to describe and compare advertising expenditure levels among and within many industries. Thus, with few exceptions, commercial banks of all sizes allocate about 1½% of operating income to advertising and promotion. The exceptions may be ascribable to the small number of banks reporting in some of the smaller-sized bank categories and the relatively small number of banks existing in the largest-sized category.

As in the past, the print media represent the most popular outlets for bank advertising. Newspapers are the almost universal medium. Taking second place among media, both in 1969 and in 1970, are directories of all types and sorts.

Among the broadcast media, radio has been and will continue to be used by about 7 out of 10

banks, over-all. The approximately 1 out of 5 who used television in 1969 appear to be doing so in 1970.

Looking at promotion media, little change is expected in specific media popularity. Calendars and other specialties, excluding customer incentives, followed by direct mail, line up as the most popular promotion media of commercial banks.

The specific media used by commercial banks were not constant among banks of all sizes. The pattern varies as it has in the past. Only the newspaper medium can be considered to be anything near universal. Otherwise a bank's deposit size seems to reflect its media mix.

The popularity of the several media is reflected almost directly in the shares of banks' advertising and promotion dollars invested with each.

Probably the most notable exception is with the television medium, reflecting its higher cost. Among larger banks, the primary users of the medium, it takes a disproportionately large share of advertising and promotion budgets.

The complexity of bank advertising and promotion strategy planning is probably no better

(Continued on back page)

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NATIONAL NEWS

Most major area banks last week followed the lead of the Chase Manhattan Bank of New York in lowering the prime rate to 7% from 7¼%. It was the second reduction in the prime rate in two weeks. It had been lowered earlier from 7½%. In September the prime rate was cut from 8% to 7½%.

IOWA NEWS

BURLINGTON: Burlington Bank & Trust Co. recently held open house at its new auto bank, located at Roosevelt and West Ave., and opened for business the following day. The facility contains three walk-in windows and one conventional drive-up window. In addition it has two auto bank windows utilizing pneumatic tubes to carry customers' documents to the teller and back. The facility is also the first drive-in in the city to have safe-deposit boxes.

CEDAR RAPIDS: Holmes Foster, dep-

uty superintendent of banking for Iowa, will leave that post January 1, 1971, to join Banks of Iowa, Inc. He will coordinate and expedite holding company applications and operating relationships with local, state and federal bank regulatory agencies. In addition, he will be available to all member banks, in an advisory capacity, to help create the most effective banking techniques to meet the challenges of modern day banking. It is anticipated that his office will be in Des Moines.

DES MOINES: The Iowa-Des Moines National Bank will sponsor its twelfth annual Iowa Business Trends Conference on December 7 at the Hotel Fort Des Moines. There will be a meeting from 11:00 a.m. to 12:00 noon in the State Ballroom and a luncheon from 12:15 to 1:30 p.m. in the Grand Ballroom of the hotel. Six prominent businessmen will speak to Des Moines and central Iowa businessmen on the 1971 outlook for the speakers' respective industries.

INDIANOLA: Clark C. Mahr, 68, a director and former executive vice president of the Warren County Bank and Trust Company, died recently in a Des Moines hospital. He retired from the bank about three years ago.

INDIANOLA: According to President Eugene T. Smith, the Warren County Bank and Trust Company's new office at the corner of U. S. 65-69 and East Kentucky Ave. is nearing completion and will probably open within a month. The new facility has a potential for three drive-in tellers in addition to a walk-in lobby.

LE MARS: Paul Traufler, 77, died recently in LeMars. He served LeMars Savings Bank for 56 years, rising to the rank of vice president.

MASON CITY: Boyd L. Hook has been elected president of the American State Bank, succeeding Al K. Carstens who has resigned. Mr. Hook has been with the bank for 10 years and had been a vice president for seven years.

MOORHEAD: Wilbur P. Moorhead, who served on the board of the Moorhead State Bank, died recently in Omaha. He had been in the livestock and farming business all his life.

RANDALL: A January completion date has been set for an expansion of the Randall State Bank. The bank is installing a drive-in window, adding two large offices, and expanding its lobby.

SCRANTON: Security Savings Bank in Scranton recently observed its 65th anniversary with an open house. It offered refreshments, gifts, and door prizes.

ILLINOIS NEWS

The office of the Illinois Commissioner of Banks and Trust Companies has been moved to Room 400 Reisch Building, 117-119 South Fifth St., Springfield, Illinois 62701, according to Commissioner Roland W. Blaha.

DUQUOIN: Marion L. Griffin, senior vice president and director of the DuQuoin State Bank, will retire on January 1, 1970.

MINNESOTA NEWS

ALEXANDRIA: The First National Bank will move shortly into its new building at 701 Broadway. The new building will feature a four-lane drive-in facility, parking space for 40 cars, and approximately 7,000 square feet of space on each level of the two-story building.

FARIBAULT: Excavation and construction are to start soon on a new motor bank for the State Bank of Faribault, with completion scheduled for early 1971. The new facility, to be built west of the present bank lot, will have three remote express TV

POSITION AVAILABLE

Vice President and Cashier of \$37 million assets East Central Illinois bank. All inquiries kept confidential. Send resume in complete confidence to Box BCR, in care of the NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.



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teller units. The three units will be unmanned and will be connected with tellers in the main bank by conduits.

OGILVIE: The Ogilvie State Bank is celebrating 25 years of service today with an open house. The bank is providing refreshments and door prizes during the open house.

OKLEE: Site clearance has started for the construction of a new building for the Security State Bank. Bank employees have moved supplies to the former Seeger Hardware building which will serve as a temporary bank until the new building is finished, probably about June 1. The new structure will be 40 by 50 feet and will be of block construction.

PLUMMER: Remodeling is nearing completion on the Plummer State Bank. The bank will have a new facade with a new sign, a lowered ceiling, new lighting and new wall paneling.

SACRED HEART: Contracts have been let and work will begin soon on remodeling and enlarging the Farmers & Merchants State Bank. Both the interior and exterior of the bank will be remodeled and the former Veterans Hall will be added to the bank's space.

NEBRASKA NEWS

ATKINSON: Leo Adams, former president of the First National Bank, has joined Meyer and Libbey Enterprises, Inc., of Anaheim, Calif.

GERING: Nearly 2,000 persons attended the 60th anniversary celebration of the Gering National Bank recently.

HORDVILLE: Clarence O. Rodine, 75, a member of the board of directors of the State Bank of Hordville for over 35 years, died recently.

MILFORD: Farmers and Merchants

Bank opened for business recently in its new building. The new bank has about 300 square feet and has a drive-in facility.

OMAHA: Bernard J. Murphy, 53, senior vice president and director of the North Side Bank, died recently in an Omaha hospital. Mr. Murphy, who had been with the bank for 20 years, had been ill for about six months.

COLORADO NEWS

DENVER: Directors of the Central Bank & Trust Co. of Denver have elected a new senior vice president and promoted four others.

The new senior vice president is Joseph R. Lincoln, the bank's resident counsel.

Promoted to vice president was Ron Jerman, manager of the bank's BankAmericard department. Promoted to assistant vice president was Charles Drummond, who directs the bank's time certificate of deposit activities.

Fred Doud was elected an assistant cashier and Don Drumm, an assistant auditor.

DENVER: Norman R. Armstrong has been appointed cashier of the North Denver Bank. An employee of the bank since 1958, Mr. Armstrong has most recently been assistant cashier in charge of the bookkeeping, teller and vault departments.

DENVER: J. W. Wells, senior vice president at the Union National Bank, has been appointed senior vice president and cashier.

WALSENBURG: The Administrator of National Banks has announced the approval of the application of the First National Bank in Walsenburg for a branch to be located at 132 West Sixth Street in Walsenburg.

NORTH DAKOTA NEWS

The North Dakota Bankers Associ-

ation's Agricultural Credit Conference will be held December 3 and 4 at the Clarence Parker Hotel in Minot. The theme of the conference will be "North Dakota Agriculture Comes First." Registration will be from 4:00 to 8:00 p.m. December 3 and 8:30 to 10:00 a.m. December 4. Registration is \$25 for men and \$10 for women.

Please send your notice of attendance and any request for hotel reservations to—Eldon Seelig, vice president of the American State Bank of Minot.

MANDAN: O. L. (Hoot) Harr has been elected to the board of the First National Bank of Mandan. Mr. Harr is president of the Western Division, Twin City Roofing Co., Inc., vice president of the Eastern division of the same company, and vice president of Twin City Decking Co.

WYOMING NEWS

CHEYENNE: William C. Allen, senior vice president in charge of credit administration for Wyoming Bancorporation, has been elected a director of Cheyenne National Bank, a member of the Bancorporation.

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Bank Advertising...

(Continued from Page 1)

illustrated than by an examination of the services banks advertise. Few American businesses offer and promote as wide a range of products or services to their customers.

All commercial banks promote deposit services, if they promote anything at all. Four out of five banks in the United States promoted checking accounts in 1969. Also, four out of five banks promoted savings accounts in 1969, three-fourths advertised their regular (passbook) accounts and two-thirds promoted consumer savings certificates.

Among banks with under \$1 million in deposits, those with advertising and promotion expenditures spent an average of \$1,400 in 1969; they will spend about \$1,300 in 1970. The largest portions of their advertising budgets went to newspaper and calendars, with specialty items being a weak "third." Advertising and promotion were 1.53% of operating income.

The following services were promoted most often: commercial checking accounts, safe deposit, and bank-by-mail. Attracting new customers and increasing deposits were named as the two most important advertising objectives.

Expenditures for banks with \$1 million to \$1.99 million deposits averaged \$2,300 in 1969; they should decline to \$1,900 in 1970. The largest portion of these budgets will be allocated to newspapers. Specialties and calendars were far less important, but ranked next in budget share. Advertising expenditures averaged 1.17% of operating income.

The three services advertised most often were personal checking accounts, regular savings accounts, and safe deposits. Attracting new customers and bank image were named as the most- and second-most-important advertising objectives.

The average 1969 expenditure for banks with \$2 million to \$4.99 million deposits was \$3,100 in 1969;

little change is expected in 1970 with average budget of about \$3,000 forecast. The largest portions of 1969 advertising budgets went, first, to newspapers, followed by radio and calendars. Advertising expenditures averaged 1.18% of operating income.

The three services advertised most often were personal checking accounts, direct auto loans, and bank-by-mail services. Attracting new customers and bank image development were named as the most- and second-most-important advertising objectives.

Expenditures for banks having \$5 million to \$9.9 million deposits averaged \$7,800 in 1969; a slight decline to about \$7,000 is expected in 1970. The largest portion of 1969 budgets was allocated, first, to newspapers, with outdoor media and radio getting lesser shares. Advertising expenditures were 1.43% of operating income.

The three services advertised most often were regular savings accounts, personal checking accounts, and bank-by-mail services. Attracting new customers and bank image development were named as the most- and second-most-important advertising objectives.

The average expenditure of banks with \$10 million to \$24.99 million deposits of \$17,100 in 1969 is forecast to increase to about \$18,800 in 1970. These banks spent the largest portion of their 1969 budgets in newspapers; their second-most-important medium was radio, with outdoor ranked third. This group's expenditures were 1.60% of operating income.

The three services promoted most were regular savings accounts, personal checking accounts, and direct auto loans. Attracting new customers and increasing deposits were named as the most- and second-most-important advertising objectives.

Advertising and promotion budgets for banks having \$25 million to \$49.99 million deposits averaged \$38,000 in 1969 with increases to

about \$40,700 expected in 1970. Their most important media, based upon share of advertising budgets, were, first, newspapers, then radio, with outdoor ranked third. Advertising expenditures were 1.56% of operating income.

The three services advertised most were regular savings accounts, personal checking accounts, and Christmas or other thrift club accounts. Attracting new customers and increasing deposits were named as the most- and second-most-important objectives.

Among print advertising media, directories are more popular among the larger banks and, to even a greater extent, so are magazines.

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