School of Media Studies

THE NEW SCHOOL September, 2011

**UNICOM BANK** \*

Create Value for a Cost-Per-Point-Oriented Account

Unicom Bank is the oldest bank in the area, and one of the few independent banks left in Megopolis, one of the top five markets in the United States. Unicom invests a higher percentage of its revenues in advertising than its competitors do. The bank feels this is the only way it can stay competitive and independent in a market that has seen a plethora of bank takeovers by large, national bank holding companies that aggressively market their banks.

Unicom Bank prides itself on being a local, independent bank and a responsible member of the community. In fact, in its advertising, Unicom stresses community involvement, and "we're your neighbor, not just your bank" is their tag line. The bank's media mix includes newspaper (about 25% of its media budget), television (about 40% of its media budget), outdoor (about 15% of its media budget), and radio (about 10% of its media budget, or $500,000), and a mix of magazines, promotional events, and partnerships with local schools (about 10% of its media budget). This latter 10% of the budget and outdoor Unicom places locally, but the rest of the advertising budget is placed by a mid-sized New York media agency.

Unicom's creative is handled by a small New York boutique creative agency. The bank's television commercials are warm, fuzzy, and have a deep emotional appeal. They have won several national and regional creative awards over the years. The board of directors and top executives of the bank are in love with their television commercials because all of their friends at their country clubs continually compliment them on the soft-sell, charming approach.

The radio creative consists of slightly modifying the television sound track. The notion is to make an impact with television and then hope that people play the TV commercial back in their heads when they hear the radio.

Unicom's newspaper advertising is dull, common, and informational: interest rates, checking account information, etc. It makes little attempt to differentiate Unicom. Unicom's media agency is a typical media agency. It assumes television and radio station time is a commodity and buys accordingly. Cost-per-point (CPP) is all it will hear about. The media agency has grown substantially over the last several years by bragging that it can buy cheaper (lower CPPs) than any other media agency or buying service, and seemingly has been able to deliver on the promise – at least it has that perception, which it will fight to the death to maintain.

The buyer for Unicom, Sally, is an especially mean-spirited, highly competitive negotiator. Even though radio is only 10% of Unicom's budget, it is still a substantial budget for Megopolis. Sally negotiates once a year for the Unicom business and insists on, and usually gets, big discounts, often because stations want the prestigious Unicom business and don't want to be locked out for a year.

The Unicom marketing and advertising people are satisfied with their advertising arrangement – they love their creative and believe their media agency gets them the best deals possible. In fact, they firmly believe that the combination of these two elements gives them a major competitive advantage.

However, Unicom's growth has flattened out in the last two years, and in the get-well year of 2010, even though Unicom showed growth, it lost market share to three hard-charging national competitors. Unicom's new CEO is known to be worried about the slow growth, although nothing has been hinted about changing its advertising approach.

WPCB-AM is an all-news radio station, which is ranked eighth in 12+ 6:00 a.m.-12:00 midnight, Monday-Sunday, average-quarter-hour ratings, sixth 25-54, third in 12+ cume, and second 25-54 in AM Drive. WPCB-AM's demos are typical of an all-news station: older skew, suburban, higher income, executives, high percentage of credit card users and luxury car buyers, etc.

Sally consistently shuts out WPCB-AM from her buys for several reasons: (1) WPCB-AM's CPPs in the demos are consistently 15-25% higher than competing stations; (2) Sally insists on AM Drive only, which, according to the way WPCB-AM packages, raises the CPP even higher; (3) Sally is notorious for being on the take, and other stations will meet her demands for tickets, TV sets, VCRs, and iPads, whereas WPCB-AM will not. WPCB-AM and its national sales representative firm have resigned themselves to not getting any Unicom Bank business because the station will not meet Sally’s demands.

However, there is a sudden ray of hope in the Unicom Bank cloudy, overcast outlook. WPCB-AM's attractive, single V.P., General Manager is having a romantic relationship with the new, attractive, single CEO of Unicom Bank. During pillow talk, the general manager has learned that the CEO is worried about the soft-sell advertising approach, the slowed growth, and the aggressive, community-oriented approach of a few competitors (the previous year, one competitor made a highly visible commitment with the leading television station in the market to sponsor "For Kids Sake," and received excellent press). The general manager has gotten a commitment from the CEO of Unicom to listen to a presentation from the station – a one-hour-long meeting next week.

The general manager of the station believes that sponsorship of one of several community affairs projects or the station's monthly Business Breakfasts will appeal to the CEO. None of these are CPP efficient.

Sally has heard through the grapevine about the meeting and is furious. She has told WPCB's national rep that if the station makes the presentation and sells the bank anything she does not approve of, she will never spend another dollar on any of the rep's list of stations for all of her clients (Sally's media agency has several radio clients). The national rep has conferred with the station and told WPCB-AM that it doesn't know if Sally is bluffing or not, but they do know she has carried out such threats in the past.

The general sales manager of WPCB-AM has called a meeting with the station's general and local sales manager, three senior account executives, the marketing director, the promotion director, the manager of the national rep's local office (who has been in communication with the president of the rep firm), and the rep salesperson from the New York office who calls on Sally. The general sales manager opened the meeting by relating the above facts in the situation and by saying, "We have one week to prepare a presentation to the CEO of Unicom Bank. Here’s what we have to decide in this meeting: (1) Are we going to present something that Sally wouldn't buy and thus jeopardize our future business and the national rep's business with other stations? (2) What is our strategy with the CEO of UNICOM bank going to be? (3) What information do we need? (4) How are we going to create value for the station? (5) What specifically are we going to offer? (6) How much money are we going to ask for? (7) And, most important, how are we going to get demonstrable results for Unicom Bank?"

AUTHOR’S NOTE

While the incidents in this case are not factual, they do represent a composite of actual situations at some companies. This case was prepared to use as a teaching tool.

ASSIGNMENT

1. Answer the above questions the general sales manager posed according to what you think WPCB-AM ought to do.

\* This case was prepared by Charles Warner