

COVER STORY

Bankable brands?

Sometimes stockbrokers must remind customers of their companies' old names

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Last week, Richmond-based First Union Securities introduced a new advertising campaign to show off its new identity as Wachovia Securities.

With the new campaign and tagline "Uncommon Wisdom," the company will forever shed the name First Union Securities and rename itself Wachovia Securities. The change is a result of the Sept. 1 megamerger between North Carolina banks Wachovia Corp. and First Union Corp.

With the merger, Wachovia had tough questions to answer. Does the securities arm of the bank, once known as Wheat First Butcher Singer, brand itself with Wachovia? Or does it create a new identity, separate from the bank?

Wachovia chose all Wachovia, all the time, for all its divisions: securities, lending and banking. But in the same week, Atlanta-based SunTrust took a slightly different route. It created a separately named subsidiary, Alexander Key, to sell some securities.

Instead of using the SunTrust name to sell securities to wealthy customers, SunTrust purchased the Richmond office of Deutsche Banc Alex. Brown and renamed it Alexander Key. The name Alexander Key refers to no actual person and has no historical significance; rather, it is meant to connote an old-world banker: SunTrust decided it needed to use a different name after research showed its wealthier customers preferred using institutions other than banks to help with investments.

Although SunTrust successfully manages more than \$100 billion in investments, the bank name didn't translate with some customers.

"We have a very good track record," said Bob Owen, director of marketing services for SunTrust. "[But] there are a fairly sizeable number of individuals who don't give banks a whole lot of credit for their investment expertise."

At Wachovia, the bank and securities firm had a different problem – how to create a consistent image among different parts of a company that seems to change names each year. Wachovia Securities spokesman Tony Mattera, based in Richmond, said picking the name for the brokerage and securities arm of the newly merged bank was not an afterthought. Wachovia even considered creating a new name for the unit. Long term, however, bank officials decided the securities arm could promote the bank and vice versa. The bank hired a design firm, Interbrand, to develop a

new logo for Wachovia with wavy lines that move through a blue box.

"We'd get a lot more leverage by sharing the brand," Mattera said.

"Banking is in 12 states and the brokerage is in 49 states." Using the same name also means that the company can promote Wachovia consistently and not dilute advertising and promotion budgets.

"We can put a lot more resources behind the name," he said.

Wachovia Securities is the fifth name for the Richmond securities outfit. Company officials hope this is the last name change for a long time, as the company has confused customers with rapid name changes. Among them: Wheat First Butcher Singer, Wheat First Union and First Union Securities. Because of the confusion, some brokers have continued to use the Wheat name on the sly, not in first reference but as a way for customers to understand who was calling.

RightMinds President and Creative Director Bill Chapman refers to what is happening with securities firms a period of "brandwashing." Many of the brands consumers have known and trusted are erased and replaced.

"A brand is a promise of expectations," he said. "A brand change throws all of those promises into question."

That brokers still use an old brand to sell the new name is not a good situation to be in, what Chapman calls "making an end run around the new brand." To prevent this, companies either must change names slowly, or not change them at all.

When BB&T Corp. purchased the venerable Richmond brokerage Scott & Stringfellow Inc., it kept the Scott & Stringfellow name, which has slowly moved from a full-service securities company to a brokerage centered on retail clients, not investment banking.

Chairman Buford Scott said that through the 1970s, as Scott & Stringfellow bought smaller brokerage houses, the acquired brokerage was branded with the Richmond moniker. As BB&T continues to buy brokerage offices, it will use the Scott & Stringfellow name, Scott said, though BB&T Capital Markets will continue to have its separate identity for finance.

Scott & Stringfellow President and Chief Executive John Sherman said brokers use both the Scott & Stringfellow name, as well as BB&T in second reference, to indicate that the firm has a strong bank behind it.

Using many different names to separately brand financial services is not new to BB&T or the industry. For instance, Citigroup offers the Diners Club charge card, which is specially designed for business travelers and is a step up from its Citicorp card. For even higher income folks, Citicorp offers Carte Blanche. And locally, the Virginia-based Middleburg Bank offers trust services through the Tredegar Trust Co., a separate unit based in Richmond.

James N. Bell, a Charlottesville resident and senior partner at the New York branding and design consultancy Lippincott & Margulies, said that both Wachovia and BB&T are pursuing smart, albeit different, strategies. For Wachovia, branding the securities arm with Wachovia shows that the

comparily "wants to be seen as a national powerhouse."

Bell said that when First Union got rid of the Wheat name, it lost a well-known brand that has been hard to replace. It forced brokers to go through "four years of whipsawing," he said. "Wheat was a very important person in Richmond."

But the Wheat name might not have translated out west, where First Union purchased brokerages such as Everen Securities.

BB&T's decision to keep the Scott & Stringfellow name was wise for a different reason, Bell said, because it is a "century-old name with a good reputation among high net-worth investors" and changing names too often makes the customer think yet another brokerage house has been gobbled up by another bank.

"It doesn't promote a sense of stability," he said.

Having a time-tested name helps. Bell, whose father worked for the former Virginia National Bank in Norfolk, said that when a group organized a new bank in Charlottesville, it grabbed the name Virginia National Bank, which had been jettisoned when the first bank by that name become Sovran.

"The further up you move in terms of net worth," Bell said, "the more a name that is evocative of history is going to work."

The key is to know the long-term vision of the organization and to let the names correspond to that. There isn't always a simple answer.

"Most organizations tend to say let's get one brand name," he said. "But GE still keeps NBC as a separate brand."

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