



FINANCIAL ARCHITECTURE

A Guide to Co-Branding

Welcome!

Thank you for downloading your copy of *Financial Architecture: A Guide to Co-Branding*.

We've created this guide as a way to provide a proper introduction to the concept of co-branding. During my 20+ years specializing in bank architecture, I've had the privilege of witnessing the ongoing evolution of the financial industry.

When it comes to developing a banking concept that will remain competitive in today's financial industry, it's important to lead with both strategy and innovation. Doing things the way they've always been done doesn't work when the stakes have changed and the industry has evolved.

At HTG Architects, we are experts in financial architecture, and we remain plugged into the leaders, trend-makers, as well as the movers and shakers that influence the financial industry on the large and small scale. In terms of bolstering branch performance and strengthening community ties, co-branding is the most effective, customizable and applicable approach we've uncovered.

In this guide, we've outlined the key benefits of co-branding and included an in-depth look at one of our co-branding projects.

I hope you find it helpful.

Sincerely,
SEAN RABOIN
Partner, HTG Architects

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About Brick and Mortar Financial Institutions

There are a few institutions that are expected in a community: a place to grocery shop, a place to worship, and a place to bank (and of course, a place to unwind, but that's for another story). It can be difficult to have a town without these foundational businesses.

Take banking, for instance. Banks and Credit Unions provide a vital service within the communities they serve. They're the place young families go to purchase their first home or take out a small business loan. Most of us still have memories of a parent taking us to the local bank to open up our first checking or savings account.

Because brick and mortar banks play an important role in the day-to-day lives of many community members, it's difficult to imagine life without them. In a way, it's expected that these institutions will be available and staffed by friendly, welcoming members of the community.

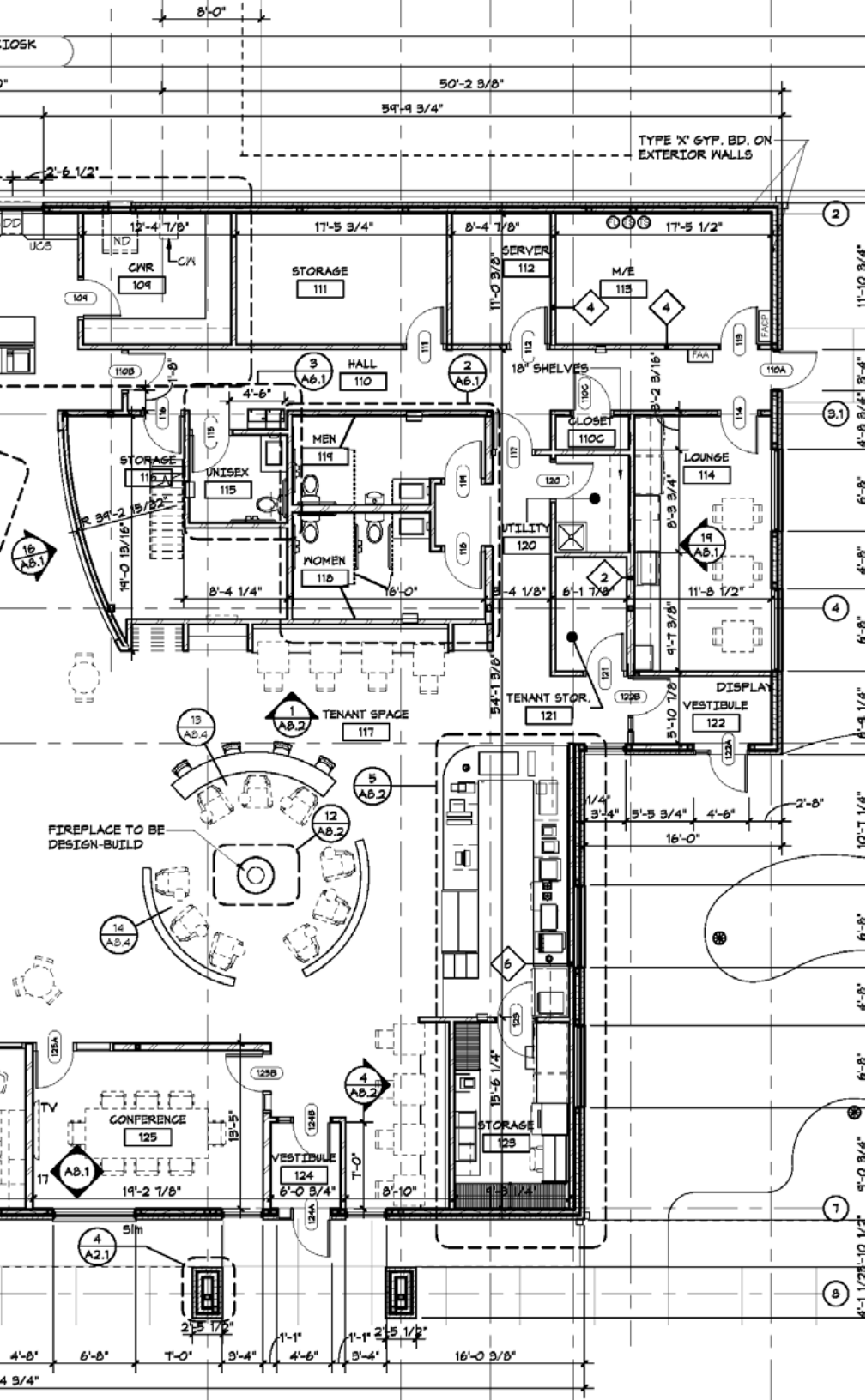
Still, with all the value brick and mortar financial institutions bring,



they encounter their fair share of challenges, too. It's difficult for physical branch locations to compete with online institutions, especially if you simply look at overhead and operational costs. But there's one area where online banking rarely lives up to customer expectations—relationships.

Relationships are the foundation of long-lasting financial partnerships. Customers of every generation, socioeconomic status, and background look for a financial institution they can trust, and whose employees provide a positive personal banking experience.

The value of visiting the bank within your community, being welcomed by a friendly, familiar face and receiving a positive experience time and time again cannot be understated. It's vital to remember that trust is built through the experience provided to customers at every interaction. But within the reality and convenience of online banking, it's also vital to realize the number of lobby transactions will continue to slowly decline.



A New Approach Bank Design

Knowing all this, what options do brick and mortar banks and credit unions have? We firmly believe there are still many benefits to operating a physical branch location - you just have to get a little creative to do it profitably. So, how can today's financial institutions make it work?

By adopting a new approach.

Because the way people bank has changed, your brick and mortar space also needs to change to remain competitive.

With customers choosing to handle their basic transactions digitally, there's no longer a reason to make frequent trips to their local branch. This effectively does two things:

- Decreases the total foot traffic to a branch
- Increases the impact each visit has on a customer's overall experience

You see, each time a customer walks through your doors, that visit goes on to inform how they feel about you in a larger sense. With the number of lobby visits on the decline, the stakes of each visit get higher. And since banking has everything to do with convenience, relationships and experience, any new approach should incorporate these fundamental principles.

One approach to consider is co-branding.



What is Co-Branding?

Co-branding is a strategic and innovative approach to bank design. In the most basic sense, co-branding is an approach where more than one business shares a space. Unlike outlets or strip malls where businesses are placed side-by-side, co-branded businesses occupy the same space. They'll likely share a front entrance and inside the space it's not entirely clear where one business ends and the other begins. Customers and visitors move freely through a co-branded space. Don't worry, the financial institution can still be secured after banking hours.

Co-Branding Creates an Experience

Co-branding makes it possible for banks to share a space with other businesses so they can benefit from each other and create non-customer brand awareness for visitors. In our experience, retail businesses like coffee shops, cell phone carriers, or any other 'retail' business that has a high level of daily traffic, make for great results; but those aren't the only business types this works with. Successful co-branding can also include partnerships with investors, insurance companies, accountants, attorneys and title companies, to name a few more.



Coffee Shop Co-Branding

The most popular model of co-branding we recommend is the financial institution + coffee shop combo. When a bank and a coffee shop share the same entrance, lobby and seating area, there's a crossover of foot traffic. Visitors to the coffee shop gain awareness of the bank, and bank visitors can get a coffee. It's a modern and innovative way to draw non-customer traffic into your lobby and begin building a relationship with visitors who could one day become customers.

In the following case study, you'll get an inside look at one co-branding project that brought a community bank and a local coffee shop together, to great effect.



Case Study

HomeTown Bank was heading to a new home in a new community. The bank knew that establishing themselves in a new community would be difficult, especially if they didn't do something to differentiate themselves from their competition. They wanted to do something big—to take a completely new approach to business—and they needed a firm that could help them get there.

Finding a Firm and Partner

HomeTown Bank wanted a partner to coordinate and execute every aspect of its vision, from image and signage to building design, construction and beyond. Even more than that, they needed a firm that could bring financial industry expertise, strategic thinking and innovation to their new branch. One thing they learned from us was the concept of co-branding.

When they selected HTG, they selected an architecture firm that would partner with them on every aspect of bringing their vision into reality. A firm capable of developing creative methods to shift HomeTown Bank from a transaction-based bank to a relationship-based bank.



Relationship-Based Banking

Right from the beginning, we began working with HomeTown Bank to create fresh retail concepts to improve efficiency, better serve customers and remove the barriers of the traditional banking model.

We used our InVision Programming process and EvoBank® planning tools to energize the design discussions and lead the discovery of new and creative ways for HomeTown Bank to stand out above the competition.

Co-Branded Beginnings

One of the key outcomes was co-branding with the local business Mocha Monkey Coffee Shop. We worked closely with HomeTown Bank to seamlessly integrate Mocha Monkey into the interior of the bank in a way that encouraged cross-collaboration between HomeTown Bank and Mocha Monkey.

The result was the casual and relaxed atmosphere of a local coffee shop combined with the financial expertise of a local bank. The bank's vice president and Mocha Monkey's owner worked together to develop marketing materials, which included the co-branded slogan "Banking Brewed Locally."



Co-Branded Results

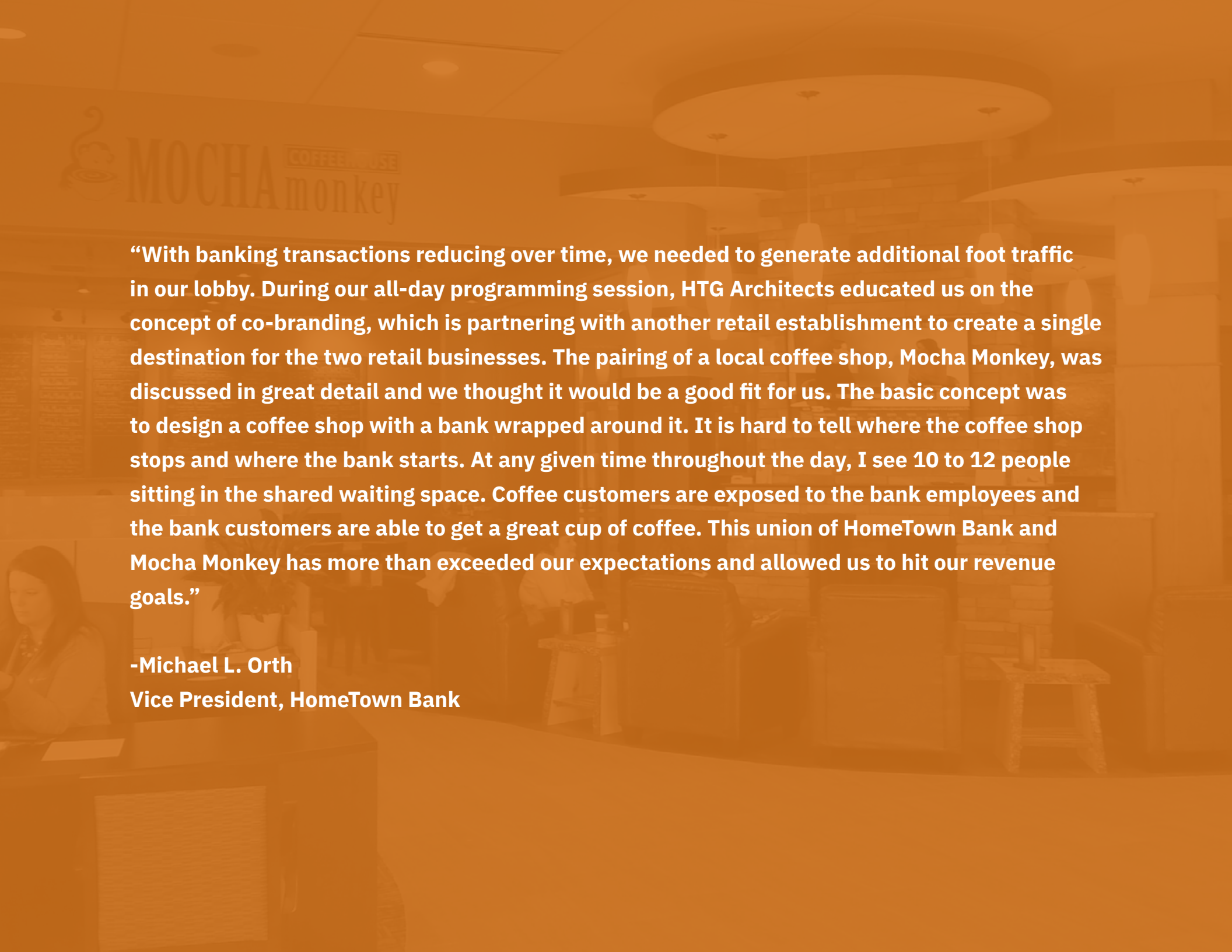
From the beginning, there was a marked improvement in customer time spent on the premises. Combined with the coffee shop, banking customers were more inclined to take some extra time to sit and enjoy a beverage or have a conversation.

Additionally, there was a significant increase in foot traffic coming through the bank. Non-bank customers visiting Mocha Monkey were exposed to HomeTown Bank in a comfortable and memorable way. At any given time there are 5-10 non-customers sitting in the banks' lobby.

Within the same building, the bank also co-partnered with a title company, financial advisor and health insurance company.

We designed the layout of the new facility so that all four tenants could benefit alongside HomeTown Bank in a collaborative, interactive environment.

Listening carefully to HomeTown Bank's goals enabled us to conceive of and implement a plan to increase the bank's traffic and efficiency, retain customers on site longer and stand out from the

The background image shows the interior of a Mocha Monkey coffee shop. The shop has a modern, clean aesthetic with light-colored walls and ceiling. A prominent sign on the wall reads "MOCHA monkey" with "COFFEE" written above "monkey". The shop is furnished with several tables and chairs, and a counter area is visible in the background. The overall atmosphere is bright and inviting.

“With banking transactions reducing over time, we needed to generate additional foot traffic in our lobby. During our all-day programming session, HTG Architects educated us on the concept of co-branding, which is partnering with another retail establishment to create a single destination for the two retail businesses. The pairing of a local coffee shop, Mocha Monkey, was discussed in great detail and we thought it would be a good fit for us. The basic concept was to design a coffee shop with a bank wrapped around it. It is hard to tell where the coffee shop stops and where the bank starts. At any given time throughout the day, I see 10 to 12 people sitting in the shared waiting space. Coffee customers are exposed to the bank employees and the bank customers are able to get a great cup of coffee. This union of HomeTown Bank and Mocha Monkey has more than exceeded our expectations and allowed us to hit our revenue goals.”

**-Michael L. Orth
Vice President, HomeTown Bank**



Co-Branding Benefits

Integrating a bank and a coffee shop holds plenty of benefits for customers and bankers alike. At any given time, small business owners may have meetings in the coffee shop or just sit and work on their laptops. Coffee shops are also a great draw for the younger crowd that gathers for high-quality coffee with friends. The coffee shop becomes a great place to meet up casually or do business. With the bank as the backdrop, there is an immense opportunity for the coffee shop patrons to learn about the bank and witness the value it provides to current customers. Increasing the Banks' brand awareness is a primary goal.

Additionally, this is a valuable asset when thinking in terms of customer experience. The presence of a coffee shop organically transforms a traditional banking atmosphere into a comfortable, conversational space. Plus, who doesn't love the option of baked goods and delicious beverages close at hand?

Overall, co-branding allows banks to delight customers and draw new community members and non-customer traffic into their lobbies. But it does even more than that—co-branding creates the foundation for relationship-building and lowers operational expenses, too.



Benefit #1: Awareness and Foot Traffic

Co-branding provides the bank with more exposure to individuals who are not customers by generating additional cross-traffic in your lobby. Whenever foot traffic is coming in, there's an opportunity to begin building new relationships.

The type of business a bank chooses to co-brand with will impact the type of traffic you'll experience. What types of businesses co-brand well? Popular partners have been investors, insurance agencies, accountants, attorneys, and title companies. We recommend taking a serious look at partnering with retail businesses, like a coffee shop, dry cleaners, UPS/FEDEX store, chiropractor, dentist, or cell phone store, because of the sheer amount of foot traffic they produce. We've found partnering with a retail business is one of the most effective ways to widen the opportunity for non-customer foot traffic.



Benefit #2: Relationship-Building

Before deciding to co-brand [a new branch](#) or [remodel your existing facility](#) into a co-branded experience, you might want to think about the purpose your lobby serves. Co-branding can change your lobby from a “transaction-based” space to a “relationship-based” environment. And in today’s banking world, this shift can make all the difference.

If you are thinking about remodeling, changes like reducing the size of your transaction area can make your space feel more inviting. We’ve found that older bank buildings often have plenty of extra, unused space. That space can become an opportunity to co-brand with another business. Co-branding enables you to create a space that’s inviting to your most profitable customers and non-customers alike.

Benefit #3: Operational Expenses

Beyond increasing foot traffic and creating opportunities to build relationships, sharing a single space also [decreases overhead expenses](#). When you’re able to split amenities like heat, electricity and WiFi, those savings can really add up year over year.



Is Co-Branding Right for Your Financial Institution?

The final question any bank owner may have is whether co-branding is a good—or realistic—option for them. While the best way to find out is getting in touch with a financial expert, here are a few other things to begin considering:

- Do you have a branch that's stuck at its performance level, or declining?
- Do you have a building with unused space? (It doesn't have to be as much as you may think.)
- Do you have a building with decreasing lobby transaction counts?
- Are you looking to build a new branch in a new community?
- Are you planning to remodel an existing facility?
- Do you have a local business partner in mind but are unsure of how to execute?
- Do you want to grow?

Any of these can be great reasons to take a serious look at co-branding. Figuring out how to structure multiple businesses under one roof seems complicated when you first think about it, but that's the value in partnering with an architecture firm that's experienced in the financial industry.

About

New trends and technologies will come and go, so partnering with an experienced and trusted bank architect will ensure your project combines your vision with financial industry expertise.



Founded in 1959, **HTG Architects** began as an architecture firm specializing in financial institution projects. We have come to be known for recreational projects, retail projects, commercial projects, office buildings and industrial buildings. But financial institutions (banks and credit unions) remain our primary niche, 2,500 and counting. We're very confident in our ability to **meld each client's vision with our expertise** to design and create a facility that works best for them.

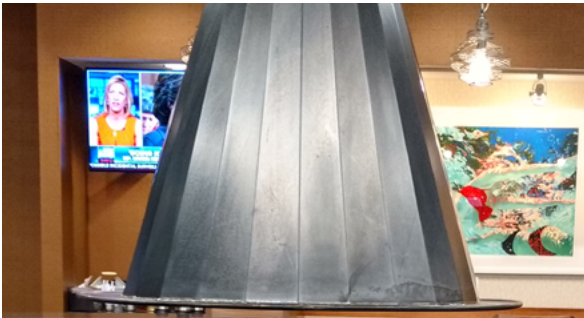
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HomeTown Bank



Med 5



Riverwood - Baxter



Heritage Bank - Coming Soon



Capital Credit Union - Coming Soon

