

The Come Back Kids

Come Today. Come Tomorrow. They'll be with us. Today. Tomorrow. Together. Janice Spark of Idea Engineers looks at ABSA's come back trail.

 By [Janice Spark](#) 20 Nov 2002

ABSA has quite a challenge. Before Unifer reared its ugly head the bank was riding the crest of the wave with a share price that was on the up and up. But Unifer's legacy spoilt ABSA's victory parade. The R1,3bn in deposits lost by Unifer earlier this year contributed to the bank's poor financial results earlier this month. ABSA reported a 23% decline in headline earnings to R1,8bn. Without the Unifer debacle ABSA would have declared a 24% increase in earnings. But earnings aren't all that's been dented at ABSA. The Unifer debacle battered the ABSA brand, and contributed to poor perceptions in an already fragile small banking sector.

ABSA's protection of Unifer has come at a greater cost than the line of credit afforded to the microlender. The market bled blood, heads rolled, reputations were lost, ABSA's share price hurtled downwards and the bank saw a significant drop in its market capitalisation. Hot on the heels of Unifer came the news of ABSA's free internet fiasco. The bank encountered significant problems when it moved to switch off free access for nonbanking customers, with many people who were legitimate account holders getting locked out of the system. At the same time call centres were overburdened and many angry customers couldn't get assistance.

Now the bank is on the come back trail and is staging a spectacular effort to woo an incredulous market. Whatever buffoonery ABSA may have displayed with the free internet and Unifer debacle, one must never forget that ABSA is a consummate marketer.

South Africa's biggest brand was formed in 1991 through a merger of a number of smaller banks and insurance companies. At that time ABSA was a virtual unknown. Then ABSA bought United and Allied, and the market was sceptical about the bank's ability to successfully consolidate these brands under one umbrella. The result was nothing short of spectacular as virtually overnight the ABSA brand rose in branches from Boksburg to Belville and Bloemfontein in a unified effort that left sceptics speechless. Perhaps one of the most astute moves ABSA made in recent times was the appointment of the brassy Santie Botha to the board. At 34 Botha became the youngest director on the ABSA board, and succeeded in 'softening' the brand. Botha has taken the ABSA brand banking relationship from consumer arms length to that of a mentor friend, if not a spouse. "Brands are like people," said Botha recently. "They have personalities and form relationships." Under Botha's brandship ABSA now enjoys 95% brand recognition amongst South Africans and has become one of the top leading brands in the country, a title it shares with only one other bank, Standard Bank.

Botha and her band know that in the banking sector competitive differentiation is all. That banking competitiveness is primarily driven by brands and customer confidence. So how did ABSA respond to the Unifer crash? It launched a series of road shows, mostly aimed at building relationships in the run up to the bank's bond issue. Then on the back of uncompromising spin doctoring and a 'feel good' advertising campaign, South Africa's biggest bank announced the appointment of its first black executive committee member.

Is it enough to win back confidence? Analysts reflect that it is merely the first step in a long journey to recovery. But you'd better believe that if there is one thing that ABSA is good at, it is building brands. And on the strength of its brand ABSA looks well positioned to shake off the past and rise again.

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