Case 2-2

**What’s in Store at Umpqua Bank**

Umpqua Bank [<http://bi.galegroup.com/essentials/company/266990?u=tlearn_trl>] wants to be more than a dependable, knowledgeable financial institution where consumers pop in to use the ATM, make a deposit, or apply for a loan. Founded in 1953, the bank had just five branches and $140 million in deposits in 1994 when Ray Davis became CEO with the vision of making Umpqua “the world’s greatest bank.” Since then, by expanding geographically and acquiring other banks, Umpqua has grown to more than $7 billion in deposits and now does business through 147 “stores” in Oregon, Washington, and California.

Each store is a “community hub” where people can spend a few minutes sipping Umpqua-brand coffee, listening to local music selected by Umpqua, or surfing the Web using Umpqua’s free Wi-Fi Internet access. With lots of light, comfortable seating, a coffee bar, a television screen, and a teller area styled like the reception desk of an upscale hotel, an Umpqua store is nothing like the formal, stuffy stereotype of an old-fashioned bank branch.

Old-fashioned banks would never launch a summer program to teach youngsters how to run a lemonade stand, offer them $10 in start-up money, give them hints about advertising and pricing, and lend out kid-friendly folding lemonade stands to young entrepreneurs. Looking ahead, today’s lemonade tycoon may very well become tomorrow’s satisfied customer. As one Umpqua executive notes: “Kids have come back to the store to try to repay their loan, but we encourage them to open a savings account.”

Top-notch service is another Umpqua hallmark and competitive point of differentiation. In addition to teaching employees the ins and outs of financial products, the bank sends them to customer-service courses provided by the Ritz-Carlton [<http://bi.galegroup.com/essentials/company/208105?u=tlearn_trl>]—the hotel chain world-famous for its superlative service. Emphasizing its service helps the bank build long-term relationships by connecting with customers on a more personal level.

The Innovation Lab in Portland, Oregon, is Umpqua’s latest innovation. Working with technology leaders such as Intel, Microsoft, and Cisco, Umpqua has created this cutting-edge store as a testing ground for new ideas. “When people think of technology, they often think of it as something that makes things go faster,” observes CEO Ray Davis. Instead of simply thinking “fast,” Davis says the bank asks, “How can we use technology as a tool to enhance the customer experience? In banking, the challenge is how to keep the delivery system relevant.”

The Innovation Lab is both people friendly and efficient. It features a huge touch-screen multimedia plasma wall where customers can obtain detailed product information and listen to podcasts about various services. Another interactive wall offers ever-changing information on community activities and volunteer programs. In another section of the store, the Computer Café, stocked with the latest laptops, is available for customer use. The bank has even set up a website where local business owners can network with each other. Umpqua is studying the ways that customers react to these and other innovations with an eye toward launching the most successful new ideas in its other stores. To gain further insight on the Innovation Lab, view [<https://www.youtube.com/watch?v=q-xjiTs5pj8>] this kgw.com segment.

Umpqua’s unusual approach to banking has attracted tens of thousands of new customers, hundreds of millions of dollars in new deposits, and the attention of financial institutions across the United States and beyond. As it works toward achieving the CEO’s vision of becoming the world’s greatest bank, Umpqua aims to give its customers a great banking experience and more. “We provide a very clear alternative to the traditional banking experience,” Davis states. “It’s fun, interesting, entertaining, exciting. It’s like going to Disney World.”[[1]](#endnote-1)

**Case Questions**

1. How does Umpqua enhance consumer motivation by making itself personally relevant to customers?
2. Explain, in consumer behavior terms, how the Innovation Lab enhances customers’ ability to process information about banking products and services.
3. What is Umpqua doing to enhance consumers’ opportunity to process information about financial services?

1. Linda Daily, “Umpqua Bank Debuts Innovation Lab,” *Community Banker,* January 2008, p. 11; Renee Kimmel, “Bank Aids Early Entrepreneurs,” *Brandweek,* July 23, 2007, p. 38; Karen Krebsbach, “Is Umpqua Cool? Maybe. Quirky? Yup. Successful? No Question About It,” *U.S. Banker,* June 2007, p. 24; Bill Breen, “The Mind Reader,” *Fast Company,* October 2006, pp. 71–72; Rob Walker, “Branching Out: Umpqua Bank,” *New York Times Magazine,* September 24, 2006, p. 21. [↑](#endnote-ref-1)