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CONSUMED

## Branching Out

By [ROB WALKER](#)

### Umpqua Bank

Ours is the age of lifestyle. From clothes to coffee to cookware, every product or service seems to represent not just function but a statement about who we are and how we live. So the fact that Umpqua Bank, a chain based Portland, Ore., recently announced that it had “released its first album” makes a certain kind of sense. Umpqua isn’t just a financial institution, of course. It’s a lifestyle.

Certainly the message you would get if you were to visit the Umpqua branch in Portland’s trendy Pearl District neighborhood seems only vaguely related to the mundane business of certificates of deposit, checking accounts and loans. With free wi-fi access, Umpqua brand coffee, a spacious seating area and flat-screen television monitors, the place has been designed to suggest a stylish hotel lobby where you’re tempted to hang out (and, perhaps, read a tastefully printed brochure about certificates of deposit, checking accounts and loans). This and other Umpqua branches also serve as the setting for things like sewing groups, yoga classes and movie nights. Actually, the word “branch” is not used in Umpqua’s official internal terminology: the bank operates 127 “stores” in Oregon, California and Washington. As Lani Hayward, who oversees “creative strategies for the company,” explains, Umpqua sees itself as a retailer.

The reason for this strategy is the same one that leads companies across many sectors to play the lifestyle card: a proliferation of competitors peddling largely interchangeable wares. If a bank wants to stand out, it’s fairly difficult to do so with the financial products it offers. It can, however, differentiate the manner in which it sells and packages those products. This is more or less the approach that Umpqua’s C.E.O., Ray Davis, has taken over the past dozen years or so. When he started, Umpqua was just another small regional bank, with about \$150 million in deposits. Today (because of acquisitions, in addition to building new branches), the figure has increased to more than \$7 billion.

According to Hayward, the central idea of Umpqua’s image is “community hub.” The company trains its employees through a program offered by the Ritz-Carlton hotel chain, with the goal of providing service that’s better than what you might expect from a bank. And it gives its managers the autonomy to, for example, stay open during a snowstorm if the manager thinks the customers will want that. But the community-hub notion also plays a role in the curious-sounding decision to start selling CD’s (the kind with music on them) through a program called Discover Local Music.

Originally, Hayward says, Umpqua simply planned to offer free music CD's to people who opened new accounts; it was part of an effort to woo younger customers. The bank worked with a Portland music marketing firm called Rumblefish, which put together what has become a 214-song library of tracks by local, relatively undiscovered talent in the markets where Umpqua operates. A test run in a few markets found that the new customers who wanted a free CD of promising local artists included not just young people but, basically, everybody. The program was rolled out across the entire chain, and Umpqua even sent Rye Hollow, a Portland band, on a five-city tour; it performed at several banks, as well as at a brew pub in Chico, Calif. Earlier this year, the bank started a Web site where anybody, customer or not, can listen to clips, put together a CD and buy it. (The bank splits the proceeds with the artists.) And in July, it began selling its own curated 12-track collection, "Discover Local Music: Vol. 1, Sacramento to Seattle," at all Umpqua locations.

All of this of course brings to mind Starbucks's famous forays into the music business, but Hayward says Umpqua views its championing of local musicians as more of a marketing effort than a potential profit center. (And of course, in addition to underscoring community-ness, working with upstart artists is a lot cheaper than putting together the star-studded compilations Starbucks sells.) It happens that, despite the fact that we're well into the era of the A.T.M., Umpqua's efforts to increase its number of locations (it's planning to add smaller, "cafe-style" locations to the mix soon) is part of an industrywide branch-building boom. That's why, as Hayward says, "we need to give people a reason to come in." Just like any other lifestyle retailer.

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