

## Boosting Acquisitions by Targeting Small-business Accounts

### What this means to you ...

- **A small-business checking acquisition program is an efficient, low-cost way for you to target small businesses,** which can be more profitable than retail accounts. The average balance in a small-business account is \$24,188 compared to \$3,658 for retail accounts.
- **Acquiring small businesses is a vehicle for increasing fee income.** Business checking account fees as well as merchant services, such as debit and credit card fees, and change order fees, can help boost your bottom line.
- **Small-business account holders offer the potential for incremental growth into retail accounts and lines of credit.** Small-business owners may turn to you for loans, and their employees may open retail deposit accounts. Acquiring both the business and the personal accounts within a small business can lead to greater retention, decreased attrition rates, and stronger customer relationships.

### Background

A large regional bank holding company with \$13 billion in assets and more than 4,000 employees was seeking to expand its portfolio of small-business customers. This holding company, a Harland Clarke client since 2006, operates some 286 banking locations in eight Southern states.

The bank previously had attracted new accounts with high CD rates, but spreads were being squeezed. Harland Clarke recommended that the bank embark on a small-business checking acquisition program; business accounts were seen as a significant area for growth, thanks to typically higher balances than retail accounts, as well as low or no interest business checking requirements at that time. In addition, checking accounts usually place the bank as the business's primary financial institution and provide a base from which to cross-sell additional products and services.

### Challenge

This client wanted to acquire small-business and commercial deposit balances as well as position itself as a viable commercial banking resource. The bank asked Harland Clarke to develop and implement a small-business checking acquisition campaign that employed an efficient and effective targeting strategy. The goal was to acquire mature businesses that could be nurtured throughout the customer lifecycle.

### Solution

Harland Clarke purchased a list of small-business and commercial prospects for the bank's eight-state footprint for use in mail drops and follow-up telemarketing. The list allowed for profiling and segmentation to identify those businesses most likely to open checking accounts. Firmographic data — such as annual sales figures, number of employees and length of time in business — enabled branches to segment "warm" leads for telephone follow-up after the direct mail drop.

A decision was made to target very small, deposit-rich businesses, particularly those in late-growth or mature lifecycle stages, as start-ups often have little excess cash available for deposits.



Most were in business for more than seven years and had revenues under \$500,000. Industries targeted included health care, business and professional services, real estate title companies, and the wholesale and retail trade. The project scope also included strategic and creative development, as well as production, tracking and reporting.

The direct mail piece promoted the bank's small-business Checking Plus account. Follow-up phone calls from each business's local branch were made to introduce the bank and to learn how the branch could meet each prospect's banking needs.

## Results

A key performance measurements were response rate, account balances acquired, and the cost to acquire each new account. Results were tracked and performance analyzed 60 days after the first mailing.

Of the total of 109,075 small businesses targeted, 257 opened one or more checking accounts within the campaign-tracking window, yielding a response rate of approximately 24 basis points (.24%). A typical rate for similar mailings is less than 20 bps. Total checking balances for the mailing exceeded \$3.22 million, which converts to an average checking account balance of \$11,094.

Although the campaign objective was to drive checking account relationships, an additional 412 indirect accounts were opened across a variety of non-checking product lines, thanks to the Checking Plus campaign. About half of these indirect accounts were loans. These indirect product balances totaled more than \$23.7 million, with an average account balance of \$57,558. The cost per new account acquired was \$138.

It is worth noting that the smallest firms outperformed larger companies in terms of response rate.

*Many variables impact marketing campaign success. The information on earnings or percentage increases that is contained within this case study is provided for demonstrative purposes only. Harland Clarke does not guarantee or warrant earnings or a particular level of success with a campaign.*

To learn how Harland Clarke can help your financial institution achieve greater cross-sell results, call **1.800.351.3843**, email us at **contactHC@harlandclarke.com** or visit **harlandclarke.com/Acquisition**.



*Harland Clarke's Lifecycle Marketing Solutions — powered by advanced analytics, insightful data and award-winning creative designs — drive engagement and profitability at every stage of the account holder relationship.*

*Through effective acquisition, onboarding and cross-selling strategies, we help our clients achieve primary financial institution status with their account holders.*

### Acquisition

Reach prospects with targeted, effective communications that encourage new account openings and set the foundation for strong relationships

### Onboarding

Use relevant account holder data to deploy multichannel communications that effectively transition new account holders into satisfied, loyal customers

### Cross-sell

Increase the number of household products to capture full profit potential