



Opportunity Analysis: Developing a High-Performance Marketing Plan

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Today's presenters



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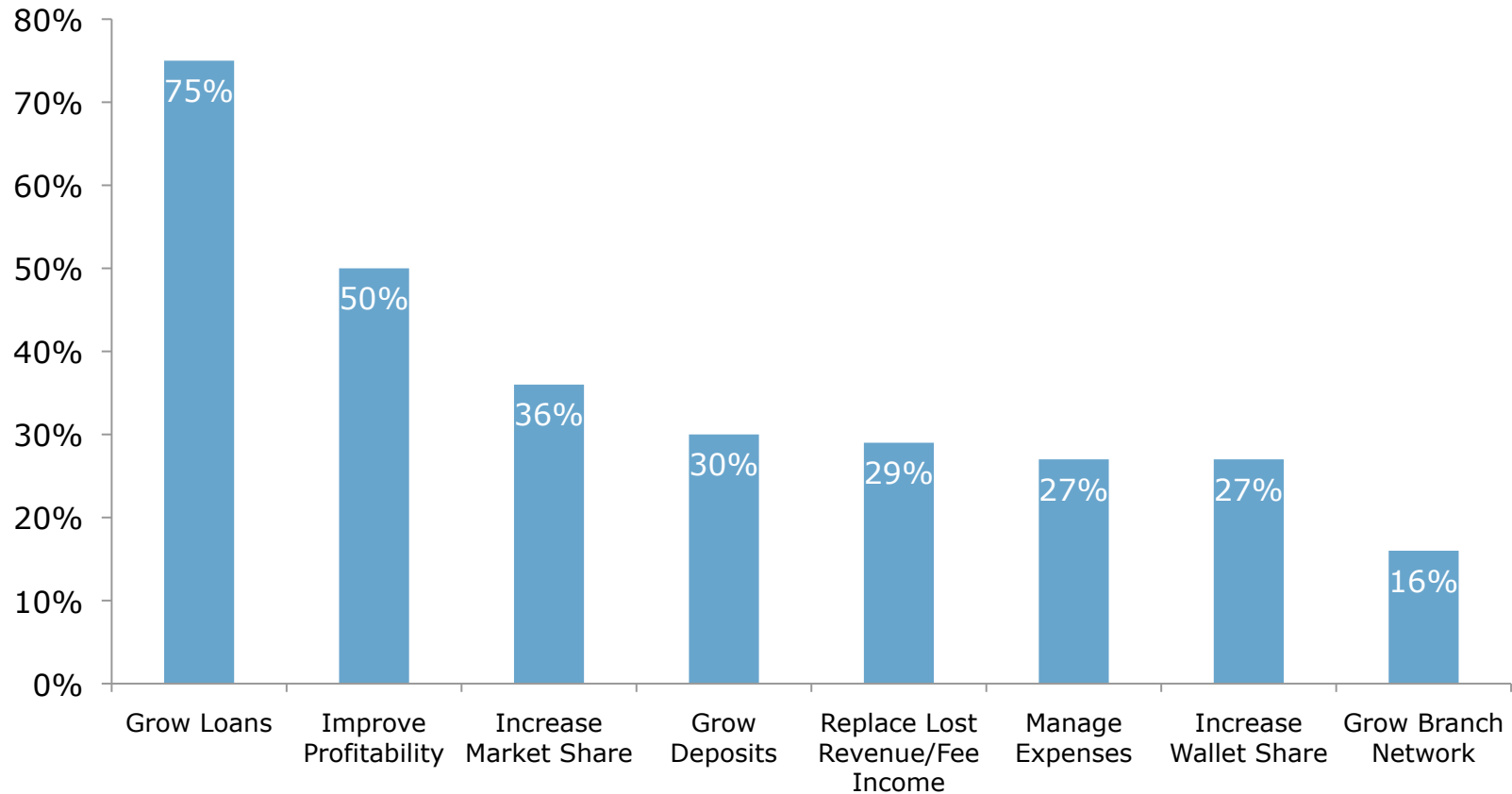
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Agenda

- The Situation
- Using Opportunity Analysis as a marketing planning tool
- Case Study — First Federal Lakewood Bank

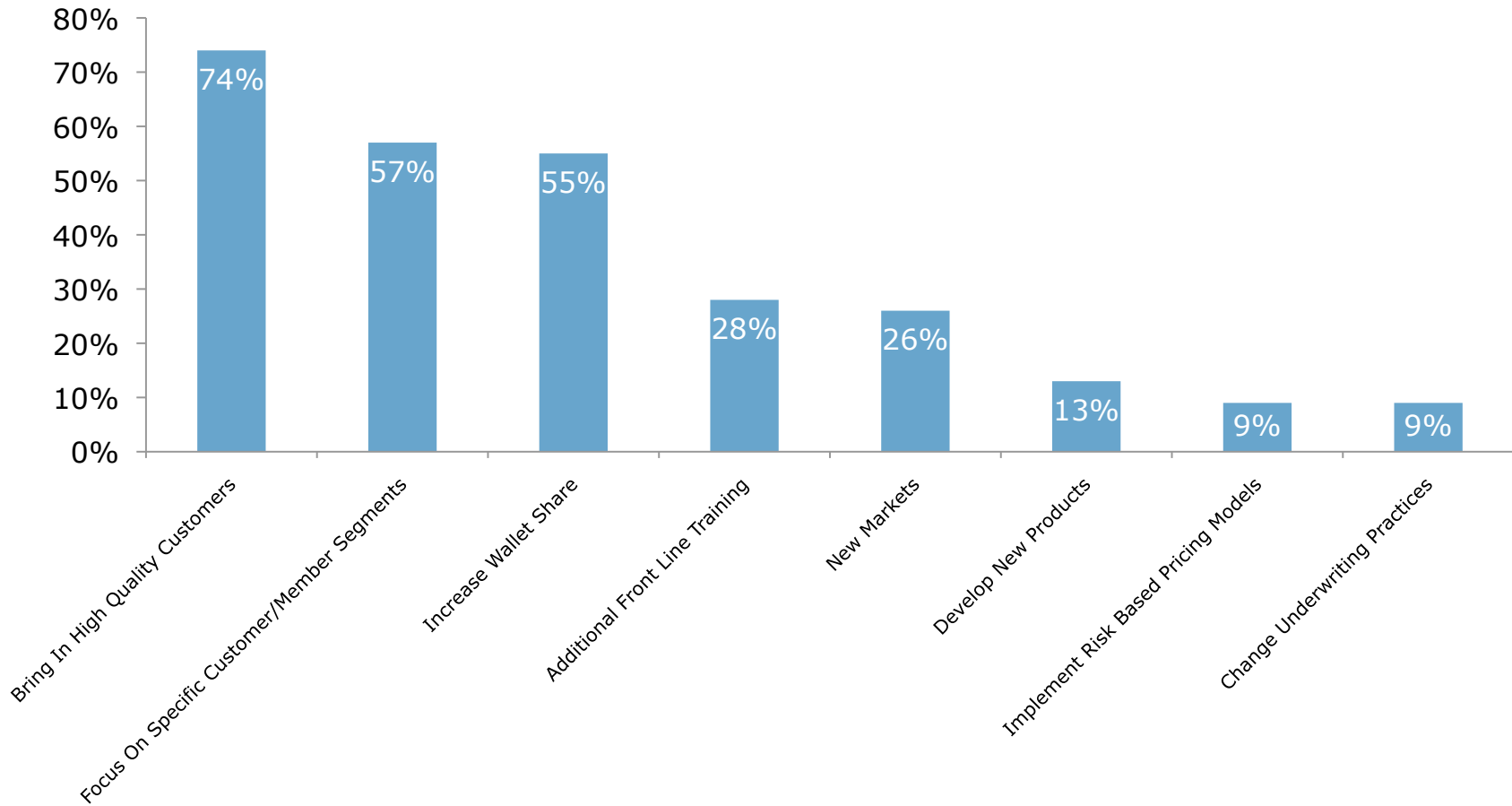
State of the financial services industry

What Are Your Institution's Top Three Priorities?



State of the financial services industry

How Will Your Institution Grow Loans?



Issues with credibility — we have a problem!

- 80 percent of bank CEOs admit they DO NOT TRUST and are not very impressed by the work done by marketers.
- 90 percent of the same bank CEOs DO TRUST and VALUE the opinion and work of CFOs and CIOs.
 - **CEOs believe marketers are “too disconnected from the short-, medium- and long-term financial realities” of their institutions.**

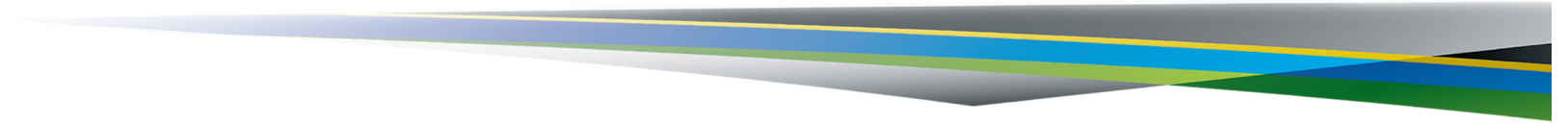
Issues with credibility — we have a problem!

- 57% of marketers don't establish their budgets based on ROI measures. Most base budget decisions on historical spending, and more than a quarter — 28% — said they base their budgets on gut instinct. BRITE-NYAMA Marketing Measurement in Transition Study, 2012
- IBM's first-ever survey of CMOs showed that 71% of marketers say they feel unprepared when it comes to the dealing with "data explosion." IBM Global CMO Study, 2011
- By 2017, CMOs will spend more money on IT than CIOs. Gartner Webinar, 2011: By 2017 the CMO will Spend More on IT Than the CIO

Stacking up against the challenges

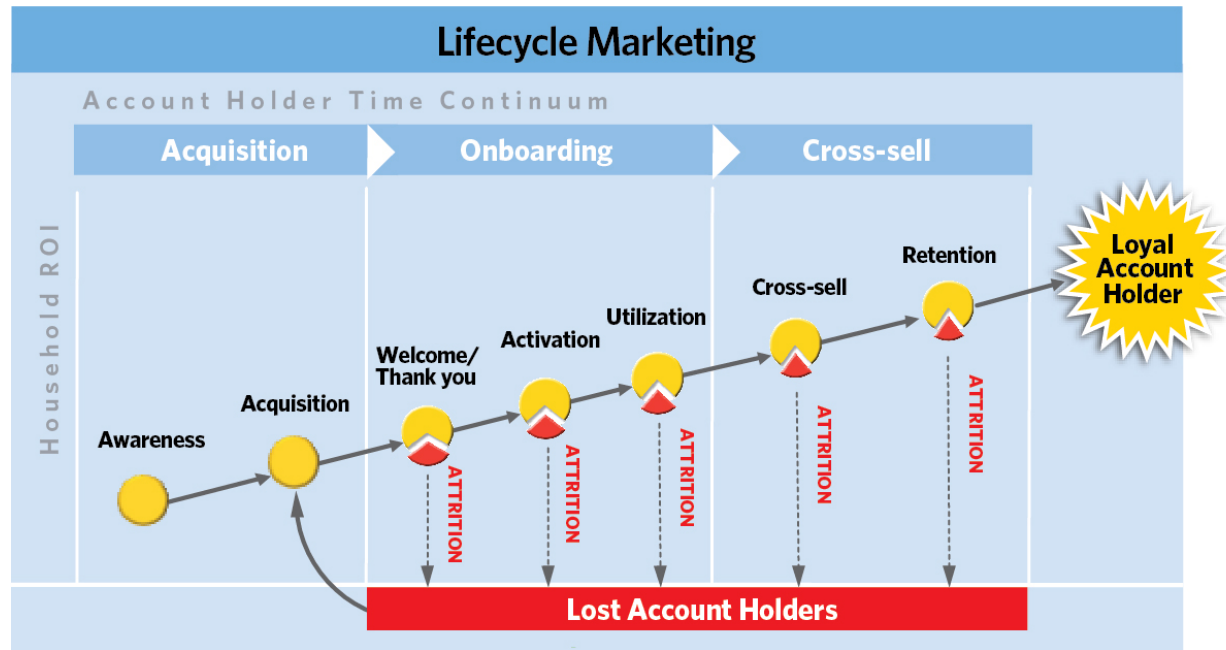
- Acquiring and retaining account holders
- Addressing declining spread
- Growing a quality loan portfolio
- Meeting regulatory demands
- Operating within technical restraints

All of this while focusing marketing dollars on the most efficient, cost-effective and measurable marketing plans



The Data

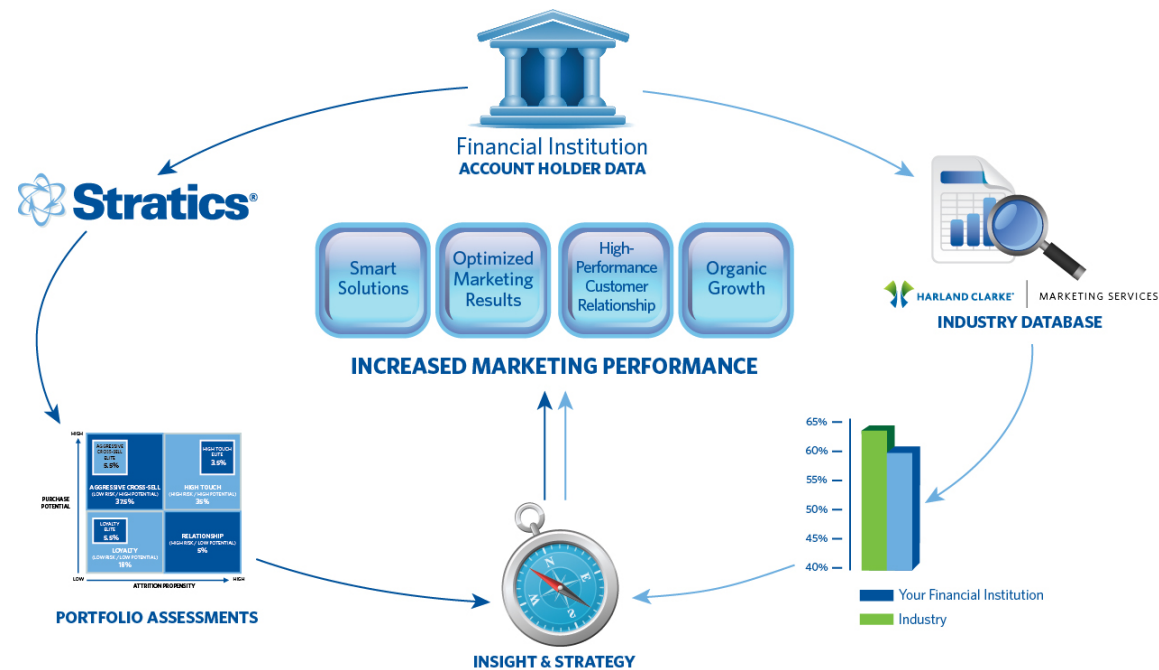
Harland Clarke's core marketing philosophy: Customer Lifecycle Marketing



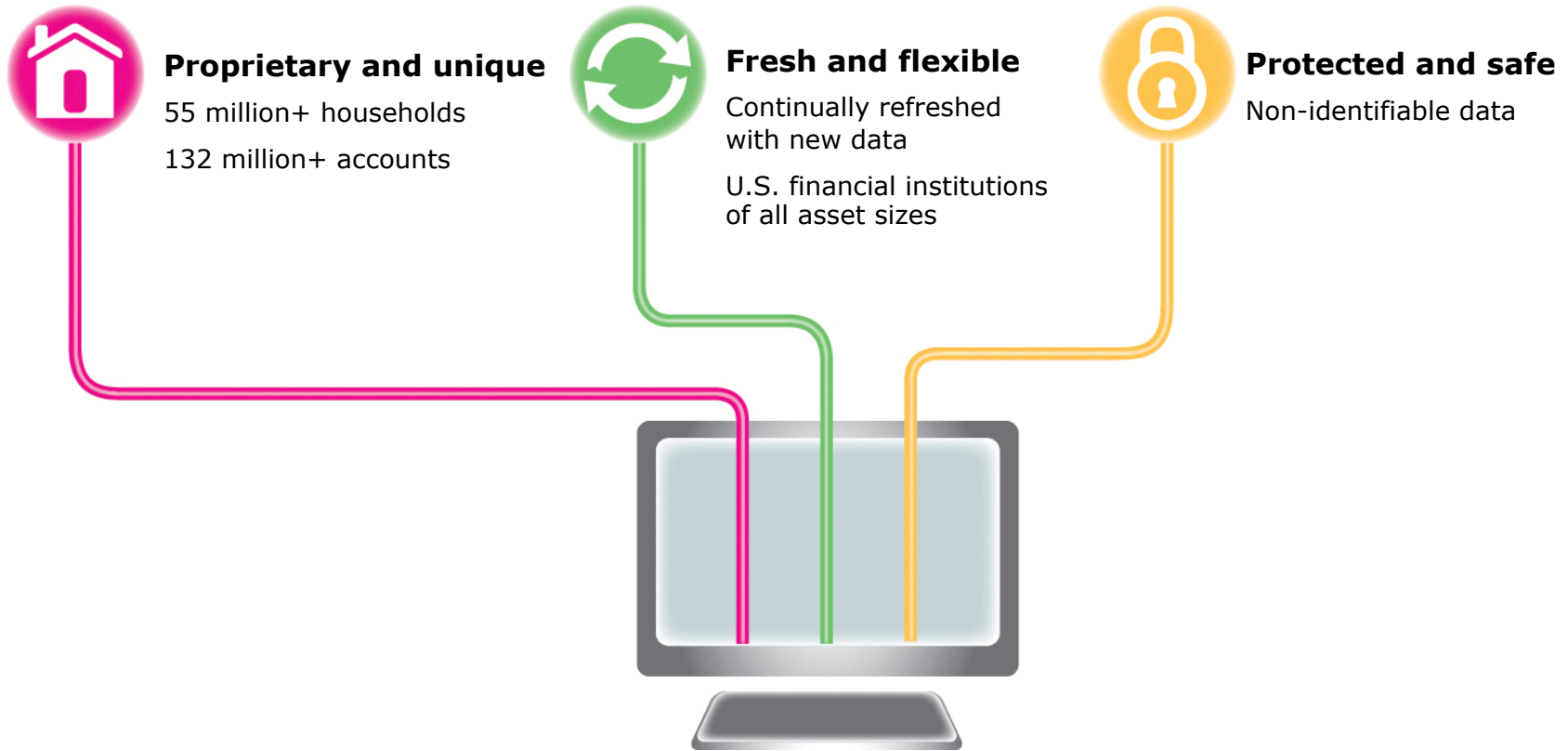
Connecting insight across the account holder lifecycle compounds the ROI benefits of any single program or campaign.

The Opportunity Analysis: A diagnostic evaluation

- Provides key insight and information about financial institution's portfolio
- Identifies significant opportunities and risks
- Includes product analysis and industry benchmarking
- Provides actionable recommendations and performance measurement



The Harland Clarke National Banking Industry Database



Components of the Opportunity Analysis

Value Segmentation	Attrition Measurement	Product Assessment	New Account Holder Assessment	Performance Benchmarking	Action Plan
<ul style="list-style-type: none">• Segments account holders by purchase potential and attrition propensity and includes detailed profiles on each segment (size, usage, opportunity, and marketing strategy)	<ul style="list-style-type: none">• Identifies attrition risk across various metrics, including attrition rates, attrition by number of products and attrition by tenure	<ul style="list-style-type: none">• Provides diagnostic information related to product penetration, performance over time and cross-sell ratios	<ul style="list-style-type: none">• Offers insight into your institution's account holder mix, including key behavior differences between new and existing account holders	<ul style="list-style-type: none">• Identifies financial institution performance versus the industry for product penetration, channel usage and balances	<ul style="list-style-type: none">• Recommends actionable strategies and tactics to achieve maximum marketing performance

Value segmentation prioritizes account holders for marketing action

Defines relationship strategies for your account holders based on their contribution and attrition risk

AGGRESSIVE CROSS-SELL

- High potential, low risk
- Prime for growth; upsell to feature rich products
- Invest aggressively; use communications to capitalize on and reinforce relationship value

HIGH TOUCH

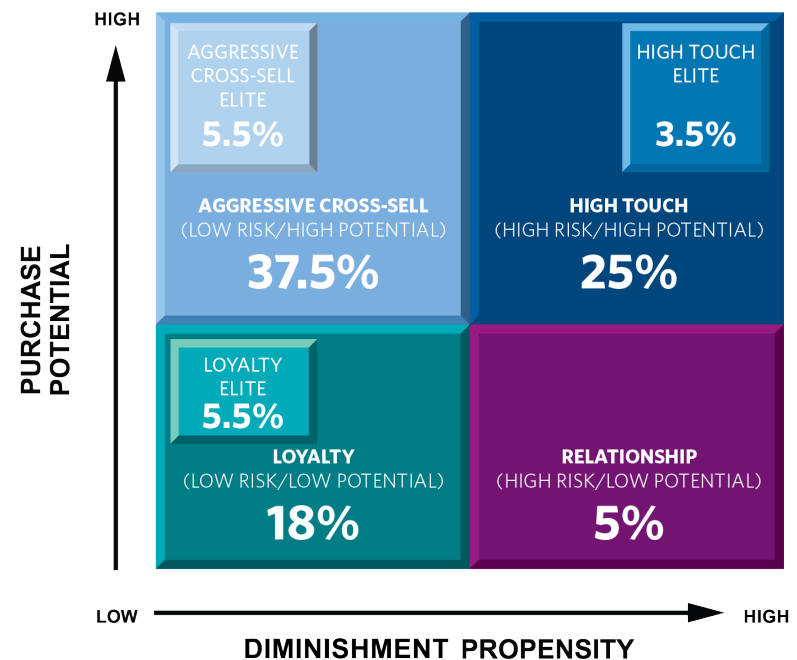
- High potential, high risk
- Proactive retention
- Invest aggressively; use offer-driven and educational communications

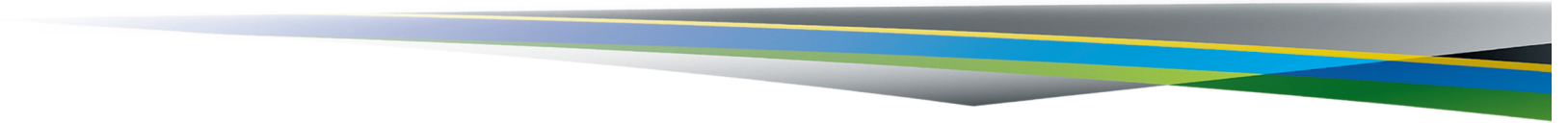
LOYALTY

- Low potential, low risk
- High value, modest to little potential
- Must retain; invest wisely

RELATIONSHIP

- Low potential, high risk
- Mixed value, very low potential, strain on infrastructure with little opportunity for incremental growth
- Low investment





Top Performers: Using Data to Stack the Deck

What do the top performers do?

- Gain key insight and information on their portfolio
- Identify significant opportunities and risks in their portfolio
- Perform product analysis for deposit, loan, electronic and other lines of business
- Use data to develop actionable plans with performance measurement

Six things you can do to stack the deck in your favor

1

Use data — Increase overall marketing effectiveness.

2

Prioritize — Go for strategic value and highest potential return with your marketing initiatives.

3

Be account holder-centric — Deploy actionable and results-oriented marketing.

4

Invest smarter — Focus on the right account holder with the right message.

5

Grow wallet share — Increase cross-sell and improve retention.

6

Align — Ensure all functional areas within your organization are coordinated with your retail environment.

The right plan – understanding the data components



Right products, right account holder, right time

Identify using purchase potential models

Deposits

- Checking accounts
- Saving accounts
- Money market accounts
- CDs

Brokerage/investment services

- IRAs
- Annuities
- Mutual funds
- Equities
- Bonds

Loans

- Consumer loans
- Credit cards
- Mortgages
- Home equity loans/lines

Electronic services

- Debit cards
- Online banking
- Bill pay service
- eStatements
- Mobile banking

Sample marketing plan

Opportunity Analysis lends itself to a comprehensive plan backed by a solid foundation of data and facts.

Timing	Method	Products
Day 1	P.O.S	Disclosures and account opening kit
Day 1-3	Welcome Card	Branch-based, hand-written card
Day 10	Welcome Call	Service-oriented: "How was your in-branch experience? Tell me how I can help you with any financial needs you may have."
Day 30	Mail	Checking, engagement services and loans
Day 40	Courtesy Call and/or Email	Follow up – "Any questions about the mailing you received? Tell me how I can help you with any financial needs you may have."
Day 60	Mail	Checking, engagement services and loans
Day 70	Courtesy Call and/or Email	Follow up – "Questions about the mailing you received? Apply online."
Day 90	Mail	Checking, engagement services and loans
Day 100	Courtesy Call and/or Email	Follow up – "Questions about the mailing you received? Apply online."

Sample of Multi-Channel Marketing Plan: Number of Customers Touched for each Initiative

Direct Marketing Calendar													
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Onboarding													
Welcome letter w/email	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	12,300
30 day letter w/email		1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	11,275
60 day letter w/email			1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	10,250
90 day letter w/email				1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	9,225
Onboarding Totals	1,025	2,050	3,075	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	43,050
Cross-sell													
Cross-sell - Four Products/ Based on Propensity (3,000 each product)	12,000		12,000		12,000		12,000		12,000		12,000		72,000
Refi Genius													
Refi Genius- 25 percent of account holder base		30,550			30,550			30,550			30,550		122,200
Shopper Alert													
Shopper Alert - 5% of account holder base	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	62,400
CD Maturity													
CD Maturity - 4,700 CDs	345	345	345	345	345	345	345	345	345	345	345	345	4,140
Retention													
Retention - High Touch Elite, Aggressive Cross-sell Elite and 10% of Relationship			8,500						8,500				17,000
Loan Magnet													
Loan Magnet- 50% of Call Report total - 2,257		1,130		1,130		1,130		1,130		1,130		1,130	6,780

The high cost of newspaper advertising

Newspaper	Column Inch Ad Price	¼ Page Ad (31.875 inches)	½ Page Ad (63.75 inches)	26 Week Flight (1 ad per week)
Abilene Reporter	\$50		\$3,187	\$82,875
Annapolis Capital	\$39		\$2,486	\$64,642
Des Moines Register	\$268	\$8,542		\$222,105
Ft. Myers News Press	\$107	\$3,410		\$88,676
Memphis Commercial Appeal	\$285	\$9,084		\$236,193
Naples Daily News	\$81	\$2,581		\$67,128
Oklahoman – OK City	\$363	\$11,570		\$300,836
Palm Beach Post	\$89	\$2,836		\$73,758
Tacoma News Tribune	\$148	\$4,717		\$122,655
Toledo Blade	\$135	\$4,303		\$111,881
Worcester Telegram	\$125	\$3,984		\$103,593

Sample financial institution 1 – 2013 results

Program	Pieces Mailed	Loans Opened	Loan Dollars	Deposits Opened	Deposit Dollars	Success Ratio
Onboarding	4,512	126	\$2,039,272	-	-	2.79%
Shopper Alert™	5,712	202	6,999,659	-	-	3.54%
Refi Genius™	12,054	317	10,827,237	-	-	2.63%
Loan Magnet™	29,425	935	24,099,108	-	-	3.18%
Checking	4,182	-	-	102	-	2.44%
Overall	55,885	1,580	\$43,965,276	102	-	3.01%

Cost per new account acquisition in 2013 - \$75

Net interest income - \$1,758,611

The high cost of newspaper advertising – Sample 1

Newspaper	Column Inch Ad Price	¼ Page Ad (31.875 inches)	½ Page Ad (63.75 inches)	26 Week Flight (1 ad per week)
Newspaper 1	\$50		\$3,187	\$82,875
Newspaper 2	\$7		\$446	\$11,602
Newspaper 3	\$4		\$255	\$6,630
Newspaper 4	\$4		\$255	\$6,630
Newspaper 5	\$9		\$573	\$14,917
Newspaper 6	\$14		\$892	\$23,205
Newspaper 7	\$15		\$956	\$24,862
Newspaper 8	\$11		\$701	\$18,232
Newspaper 9	\$10		\$637	\$16,575
Newspaper 10	\$7		\$446	\$11,602
TOTAL				\$217,132

Supports only 10 of 36 branch offices

Sample financial institution 2 – 2013 results

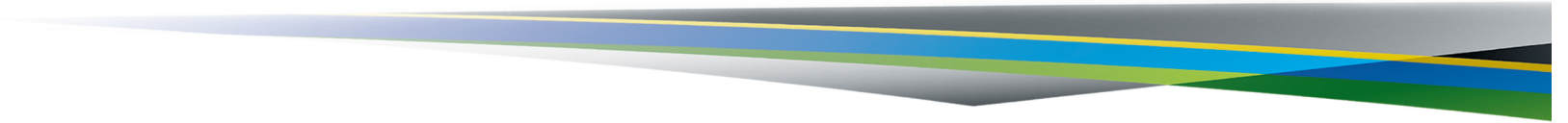
Program	Pieces Mailed	Loans Opened	Loan Dollars	Deposits Opened	Deposit Dollars	Success Ratio
Onboarding	12,184	422	\$7,546,819	435	\$1,211,345	7.03%
Shopper Alert™	5,304	542	6,821,048	-	-	10.22%
Refi Genius™	4,589	160	3,941,088	61	273,383	4.82%
Loan Magnet™	29,179	1,020	15,889,922	616	4,144,020	5.61%
Overall	51,256	2,144	\$34,198,877	1,112	\$5,628,748	6.35%

Cost per new account acquisition in 2013 - \$50

Net interest income - \$1,342,191

The high cost of newspaper advertising – Sample 2

Newspaper	Column Inch Ad Price	¼ Page Ad (31.875 inches)	½ Page Ad (63.75 inches)	26 Week Flight (1 ad per week)
Newspaper 1	\$39		\$2,486	\$64,642
Newspaper 2	\$19		\$1,211	\$31,492
Newspaper 3	\$398	\$12,686		\$164,921 (13 week flight)
Newspaper 4	\$40		\$2,550	\$66,300
TOTAL				\$327,356



Case Study: First Federal Lakewood Bank

First Federal Lakewood Bank - Situation Analysis

- Branches: 18
- Asset Size: \$1.6 billion
- Needed to target Gen X and Y populations... the bank wanted to get younger account holders
- Grow core deposits – checking – the bank is heavy on mortgages but needed to grow its core deposit base

First Federal Lakewood Bank - Opportunity Analysis Findings

Opportunity Analysis: delivered in June 2013

Key Findings:

- Majority of new customers are Mortgage-only households who have most of their primary banking relationships with other institutions
- Only 17% have Checking with First Federal Lakewood and only 10% have a Savings account there
- First Federal Lakewood has an abundance of cross-sell opportunities among its new customer base: Engagement Services; Savings; Money Market; Loans
- Among existing customers, mortgage penetration is five times the industry average and the average mortgage balance is about 33% greater than the industry
- Opportunities to increase penetration in Checking, Money Markets, Consumer Loans, Auto Loans, Home Equity loans/lines and Engagement Services

First Federal Lakewood Bank - Recommendations

- **Implement Onboarding**
Checking Accounts, Engagement Services, Loans
- **Implement consistent Cross-Sell programs**
Checking Accounts, Engagement Services, Loans
- **Implement quarterly Recapture programs**
All retail loan categories
- **Implement Shopper Alert program**
Ongoing
- **Implement monthly CD Maturity program**
Promote other deposit products and investment services
- **Conduct retention programs for needs assessments**
High-Touch Elite, Aggressive Cross Sell Elite and Relationship segments
- **Conduct Home Equity Activation and Utilization program**
- **Conduct referral program**
Loyalty and Loyalty Elite segments

First Federal Lakewood – Today

- Launched onboarding program - November
- Getting ready to launch Stratics model in order to target single service Mortgage customers and eventually expand to other initiatives
- Considering program to identify customers about to leave the bank

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Q&A



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First Federal Lakewood Bank
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Thank You

Registered attendees will receive an email with a link to a recording of this webcast and a copy of the presentation next week.

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