



# Account Holder Insights That Unlock Greater Profit Potential

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**Proprietary and Confidential**

# Presenter



## **Stephen Nikitas, Senior Market Strategist**

- 30+ years of experience in strategic planning, marketing, public relations and executive speechwriting
- Provides consultative services to banks and credit unions
- Crafts marketing and retail strategies and campaigns that take advantage of existing market and financial conditions in order to grow targeted portfolios

# Agenda

- Harland Clarke National Banking Industry Database and Benchmarking Overview
- Using Opportunity Analysis for Marketing Planning
- First Financial Bank NA Case Study

## 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 while focusing marketing dollars on the most efficient, cost-effective and measurable marketing plans**

## Top Marketing Priorities

- Acquiring new account holders
- Deepening account holder relationships
- Increasing wallet share
- Growing loan portfolio
- Encouraging channel shift

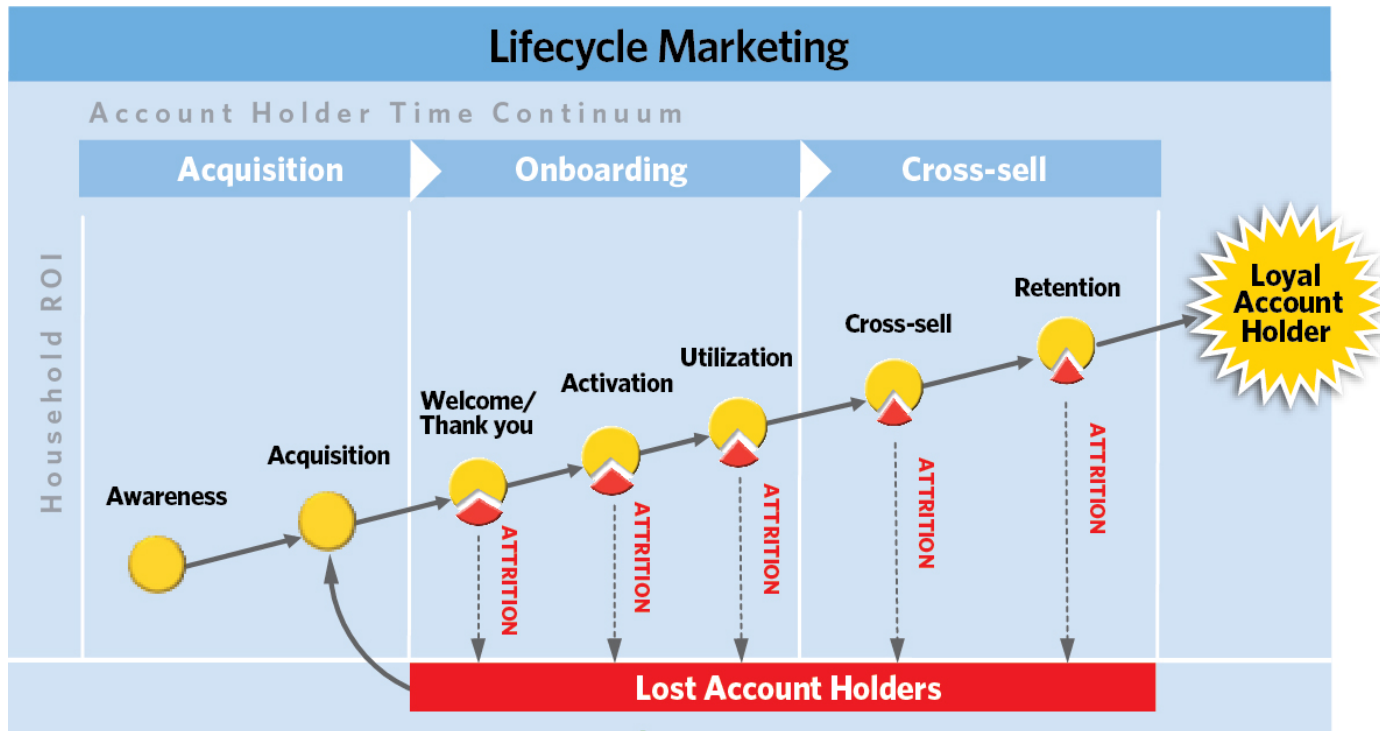
## The State Of The Industry – Consumer Behavior

Financial institutions are focused on shifting the channels through which customers/members access their accounts

	Average Transaction Costs
In Person At A Branch	\$4.25
Telephone Call To Contact Center	\$1.29
ATM	\$1.25
Online Banking	\$.19
Mobile Banking	\$.10

- A large number (42%) of Gen Y consumers have never balanced a checkbook, as a result, they leverage online banking to manage their finances.
- Because 25% of Gen Y bankers do not manage their finances at all, they present an opportunity.
- Putting personal finance management (PFM) at the center of online banking will provide value, especially to Gen Y consumers who currently don't manage their finances.

# Harland Clarke's Core Marketing Philosophy: Customer Lifecycle Marketing



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

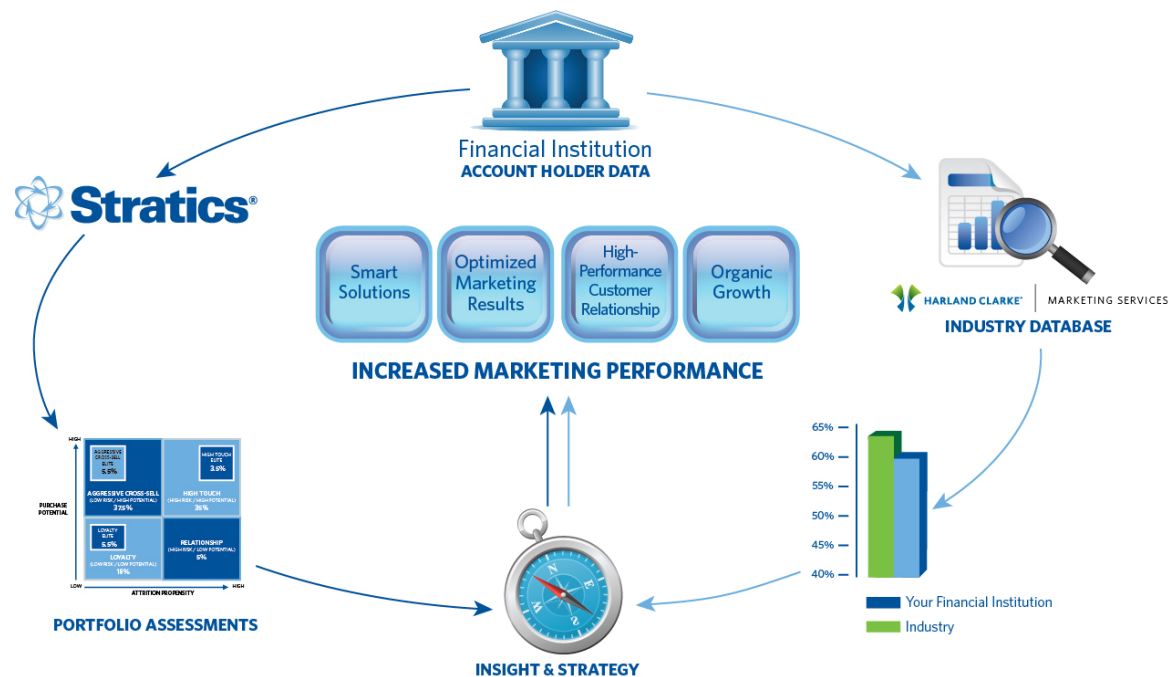


## The Data



# The Opportunity Analysis: A Diagnostic Evaluation

- Provides key insight and information on client'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



## Proprietary and unique

55 million+ households  
132 million+ accounts



## Fresh and flexible

Continually refreshed  
with new data  
U.S. financial institutions  
of all asset sizes



## Protected and safe

Non-identifiable data



# Opportunity Analysis Components

## Value Segmentation

- Segments account holders by purchase potential and attrition propensity and includes detailed profiles on each segment (size, usage, opportunity, and marketing strategy)

## Attrition Measurement

- Identifies attrition risk across various metrics, including attrition rates, attrition by number of products and attrition by tenure

## Product Assessment

- Provides diagnostic information related to product penetration, performance over time and cross-sell ratios

## New Account Holder Assessment

- Offers insight into your institution's account holder mix, including key behavior differences between new and existing account holders

## Performance Benchmarking

- Identifies financial institution performance versus the industry for product penetration, channel usage and balances

## Action Plan

- 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

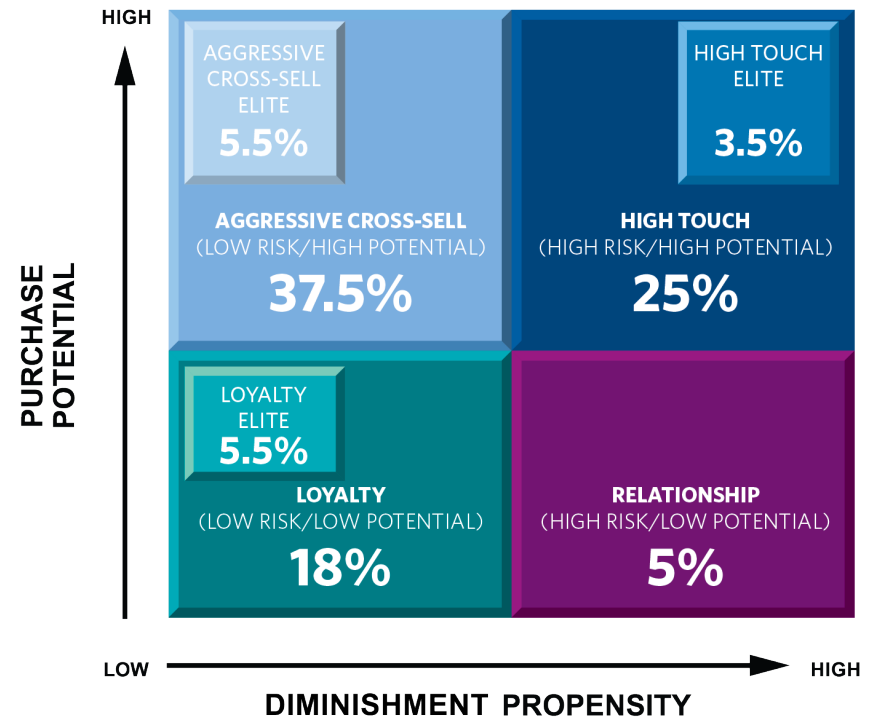
- High potential, high risk
- Proactive retention
- Invest aggressively; use offer-driven and educational communications

## Loyalty

- Low potential, high 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





# What Do the Top Performers Do?

## Use purchase models to identify

### **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 Marketing Plan

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
<b>Onboarding</b>													
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
<b>Onboarding Totals</b>	<b>1,025</b>	<b>2,050</b>	<b>3,075</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>	<b>43,050</b>
<b>Cross-sell</b>													
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
<b>Recapture</b>													
Recapture - 25 percent of account holder base		30,550			30,550			30,550			30,550		122,200
<b>Shopper Alert</b>													
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
<b>CD Maturity</b>													
CD Maturity - 4,700 CDs	345	345	345	345	345	345	345	345	345	345	345	345	4,140
<b>Retention</b>													
Retention - High Touch Elite, Aggressive Cross-sell Elite and 10% of Relationship			8,500						8,500				17,000
<b>Home Equity Activation and Utilization</b>													
HELOC Activation/Utilization - 50% of Call Report total - 2,257		1,130		1,130		1,130		1,130		1,130		1,130	6,780



**Case Study:  
First Financial Bank NA**

## First Financial Bank NA: A Quick Snapshot

- Headquarters: Terre Haute, IN
- Branches: 73
- Asset Size: \$3B
- Communities Served: 46 communities in Western Indiana and Eastern Illinois



## First Financial Bank NA: Situation Analysis

- Previous marketing program not producing desired results for new growth and increased share of wallet with existing customers
- Diverse markets: well established legacy markets and new growth markets
- Sought consultative marketing strategy guidance

## First Financial Bank NA: Opportunity Analysis Findings

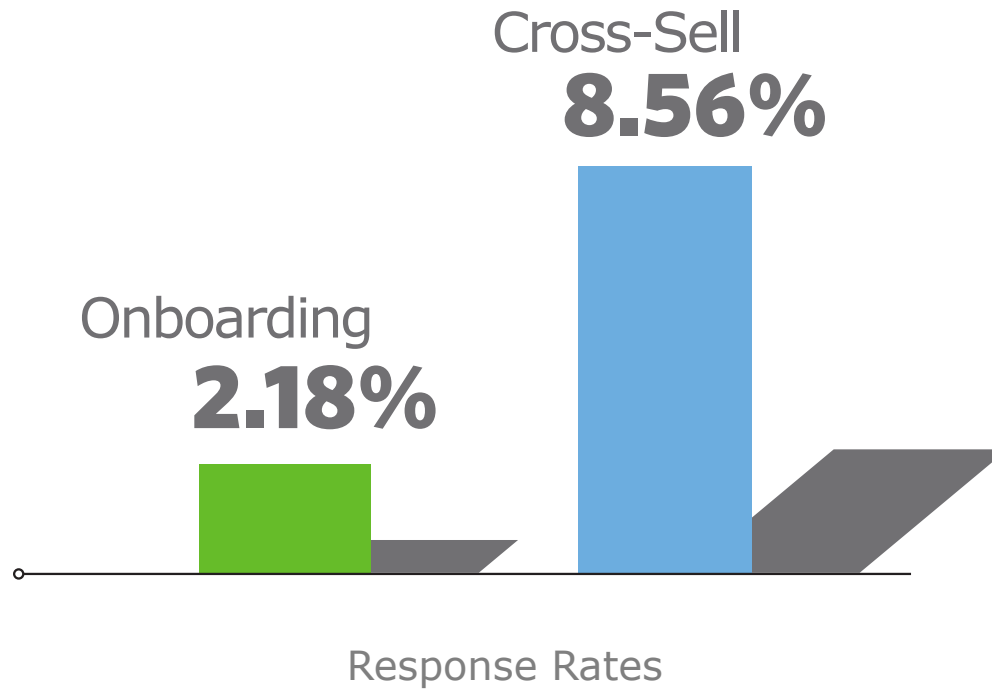
- Opportunity Analysis delivered November 2012
- Identified cross-sell, onboarding and small business acquisition opportunities
- Springboard for changing planning process, leading to creation of yearly marketing planning calendar

## First Financial Bank NA: Marketing Calendar

- Based on the Opportunity Analysis, implemented direct mail supported with email
- Kicked off Onboarding program July 2013
  - Welcome Letter, followed by 30-60-90 day product letters
  - Follow up email
- Initiated quarterly Cross-Sell campaign beginning 2013
  - Three mailings, with letters focused on Checking, Auto, Home Equity and Mortgage
  - Follow up email
- Implemented Small Business Acquisition direct mail campaign April 2013
  - Three mailings, spaced two weeks apart, to the same business customers
  - Follow up phone calls
- Mailed three HELOC check letters throughout 2013 to low utilization customers



# First Financial Bank NA: 2013 Campaign Results



## First Financial Bank NA: Marketing Calendar

- Continuing Onboarding program with Harland Clarke in 2014
  - Welcome Letter, followed by 30-60-90 day product letters
  - Follow up email
- Continuing quarterly Cross-Sell campaign with legacy markets in 2014
  - Checking, Auto, Home Equity and Mortgage Letters
  - Sending follow up email
- Currently in Creative and Design stages for following programs
  - Brand Awareness campaign to growth markets
  - Shopper Alert - Mortgage, Auto and Personal Loans
  - Refi Genius - Mortgage and Auto

# Q&A

**Press \*1  
on your phone**

or use the chat window  
and send your question  
to "All Panelists"

**Stephen Nikitas**  
Senior Market Strategist

A video replay of this webcast will  
be sent to you within the next week.

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