

Big Data or Smart Data?

How to Maximize What You (Already) Know About Your Account Holders

Big data is a big deal. It's the topic of much debate at financial institutions and the cause of a lot of marketing angst. The big issue about big data is this: What do you do with it? How do you leverage all of the internal and external data you have to positively impact your financial institution? How do you use it to make the most of your marketing budget?

If you're not sure how to answer these questions, you're not alone. IBM's survey of CMOs showed that 71 percent of marketers say they feel unprepared when it comes to dealing with "data explosion."¹ A Gartner study projects that by 2017, CMOs will spend more money on IT than CIOs will spend.² And as a prescient *Advertising Age* article warns, "Thanks to an explosion of data from social media platforms, call centers, transactions, loyalty programs, registries and more, CMOs who want a seat at the table will have to harness customer data and leverage it — or risk being relegated to chief promotions officer."³

So it's time to make friends with big data — to understand its power and figure out how to harness and leverage it for your institution. The key, of course, is to make the data meaningful, extract precisely the information that's relevant to the account holder interaction at hand, and present it in a way that's actionable. Here are just a few examples of how big data can work for you:

Fine-Tuning In-Branch Service

Your account holders assume that your institution "knows" them. It's a valid expectation. After all, thanks to loyalty

programs, they are "known" by the grocery stores they shop in and receive targeted coupons for brands they typically buy there. Thanks to web-tracking cookies, your account holders are "known" by their online favorites, from news sites to shoe retailers, which suggest stories or sandals based on their browsing habits. Why isn't your financial institution — which likely handles your account holders' most valuable assets — showing its knowledge of personal preferences and needs accordingly?

Moreover, your institution likely touts its account holder service as a unique benefit. You may even promote your bank or credit union as one where account holders get friendly, personal attention. But how do you show it?

For example, your CRM systems should be fed by data to reflect what you know about your account holders. Can your CRM alert tellers to which account holders have recently received direct mailers so that they can follow up with these promotions at the teller window? Does a high account balance trigger a suggestion that the account holder meet with an investment advisor? Does an apartment address remind your customer service representative that a home equity loan discussion would be moot?

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¹IBM Global CMO Study, 2011

²Gartner Webinar, 2011: *By 2017 the CMO will Spend More on IT Than the CIO*

³*Advertising Age*, February 12, 2012, "When CMOs Learn to Love Data, They'll Be VIPs in the C-Suite"

Your institution certainly “knows” this type of information, and your CRM should feed tellers and platform employees exactly what they need to know about each account holder on the first CRM screen they encounter. The same goes for call centers.

Leveraging big data puts all of this information at your fingertips and allows your in-branch personnel to make the best use of their time with account holders and reinforce your brand.

Measuring Market Potential and ROI

There’s no doubt that data helps marketers make better decisions. But strangely, a survey by the Columbia Business School Center on Global Brand Leadership and the New York American Marketing Association of 243 CMOs and other marketing executives found that 57 percent of marketers don’t base their budgets on ROI measures. Most base budget decisions on historical spending, and more than a quarter — 28 percent — said they base their budgets on gut instinct.⁴ There’s no reason to market in the dark! With all the data your institution has, you can not only budget — and defend your spending — based on actual returns, but also hone your marketing initiatives to dramatically increase the likelihood of success.

For example, if your institutional goals for the coming year include increasing loan amounts by a given percentage, you can easily discern the market potential for that objective given your current account holder base and your market. Data makes this possible.

To meet your mission, examine your established and new account holder populations to assess and measure purchase propensity and potential. By segmenting your account holders

and identifying which particular products and services they are most likely to buy, you can fine-tune your marketing to target only those with the highest propensity to purchase. Statistical models make it possible to successfully predict future buying behavior relative to loans, deposits, investments, insurance, and electronic products and services. This laser-focused marketing can be applied across all types of media, from direct mail and email to statement and contact center marketing.

Another way to look at potential is to examine your account holder base and see where your institution has gaps. For example, data analytics will tell you how your institution ranks relative


⁴BRITE-NYAMA Marketing Measurement in Transition Study, 2012

to industry averages in checking penetration, deposits and other benchmarks. This analysis pinpoints marketing opportunities for you, while segmentation and purchase propensity models show you exactly which account holders to target for particular products and services.

Refining Account Holder Lifecycle Marketing

Acquisition. Onboarding. Cross-selling. To maximize the value of each account holder relationship, it's imperative to know who's at which stage of the lifecycle and what they need from your institution to become loyal, long-term and profitable account holders. Data is the only way to make lifecycle marketing work well — and in a timely manner.

For acquisition, using your existing account holder data and market data makes it easy to target the right prospects for your institution. For example, you can attract new-to-the-neighborhood checking account holders via targeted offers for people who have just moved into your branch service areas. You can target account holders who have a loan at a competitive financial institution and present them with a highly attractive offer from your institution. You can even find out when your account holders are shopping for a loan and send them a pre-qualified loan offer within 24 hours of their credit bureau inquiry.



Effective onboarding addresses first-year attrition — typically between 20 percent and 30 percent⁵ — and increases cross-selling opportunities.

When it comes to onboarding, data-driven marketing optimizes the value of new account holder relationships with a welcome-engage-grow-retain model of timed, multichannel communications. Effective onboarding addresses first-year attrition — typically between 20 percent and 30 percent⁵ — and increases cross-selling opportunities.

And with data analytics, cross-selling becomes a highly predictive revenue-builder rather than scattered wishful thinking. Driven by data and targeted by a propensity-to-purchase model, you can understand your account holder and product dynamics, predict your account holders' propensity to purchase additional products and maximize your return on marketing investment. This is the kind of data analysis you need to make better marketing decisions. Instead of being overwhelmed by big data, it's time to embrace it. Understand it. Exploit it. And leverage it to the benefit of your institution.

⁵Harland Clarke internal campaign data

Harland Clarke's robust data analytics services can help your institution make the most of its marketing dollars. Our Stratics® product suite provides predictive modeling intelligence that increases the effectiveness of your marketing and relationship strategies for individual account holder and market segments. Our Lifecycle Marketing Solutions use data-driven insight to develop customized strategies for acquisition, onboarding and cross-selling.

To find out more, call **1.800.351.3843**, email us at **ContactHC@harlandclarke.com** or visit **harlandclarke.com/Marketing**.