Webinar: Accelerate Account Holder Acquisition by Using Effective Data and Analytics

April 4, 2012

Toll free: 1-877-820-7831

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HARLAND CLARKE®

Host

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Agenda

- Analytics Quick Poll

- Speaker Introductions

- Overview of Lifecycle Marketing

- Limitations of Current Approaches to Acquisition

- Analytics Interventions Across the lifecycle

- How to Optimize Customer Acquisition using Effective Data and Analytics

- Questions

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Speakers

Srividya Sridharan is an analyst at Forrester Research, serving Customer Intelligence Professionals. Her research focuses on customer-centric analytics tools and technologies to improve marketing programs and drive customer profitability.

Sandeep Kharidhi is vice president of Analytics and Business Intelligence at Harland Clarke. In this role, Sandeep oversees a team of professionals providing a range of activities to support lifecycle marketing solutions including predictive modeling, segmentation, audience targeting, market research and competitive analysis.

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Harland Clarke's Core Marketing Philosophy: Customer Lifecycle Marketing
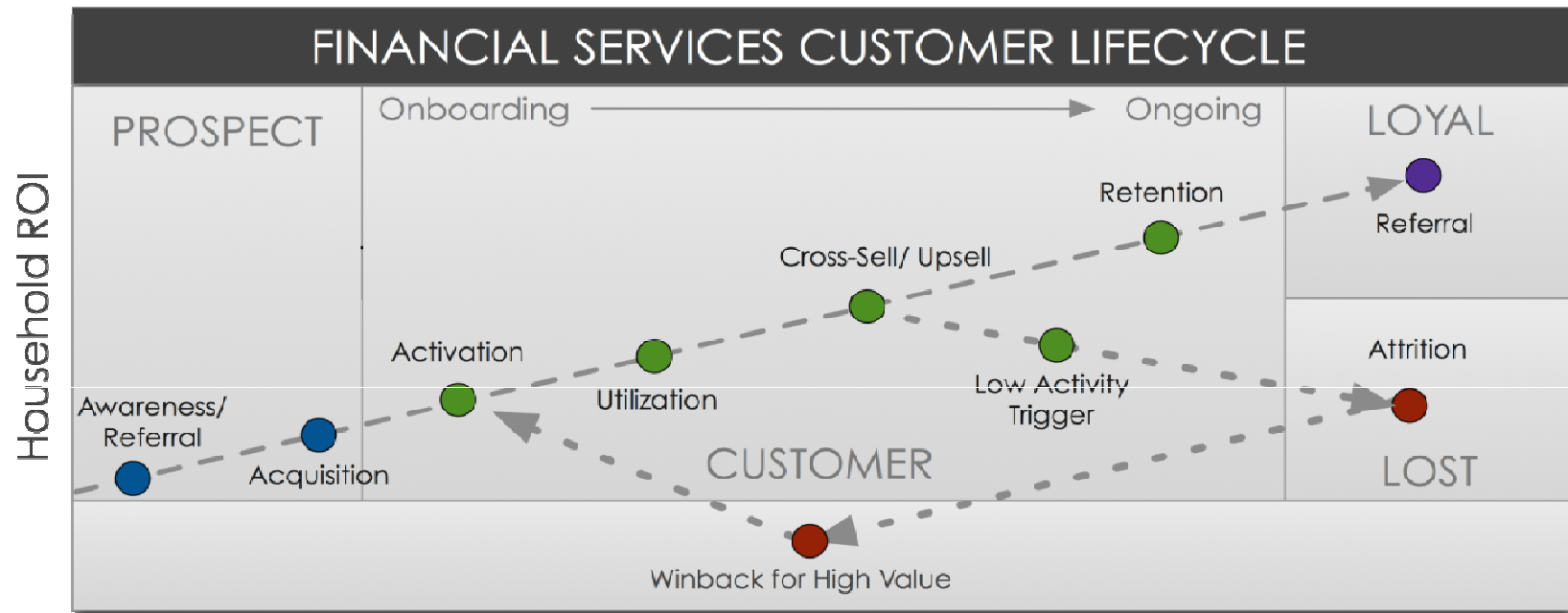
Connecting insights across customer lifecycle
compounds the ROI benefits of any single program or campaign.

Agenda

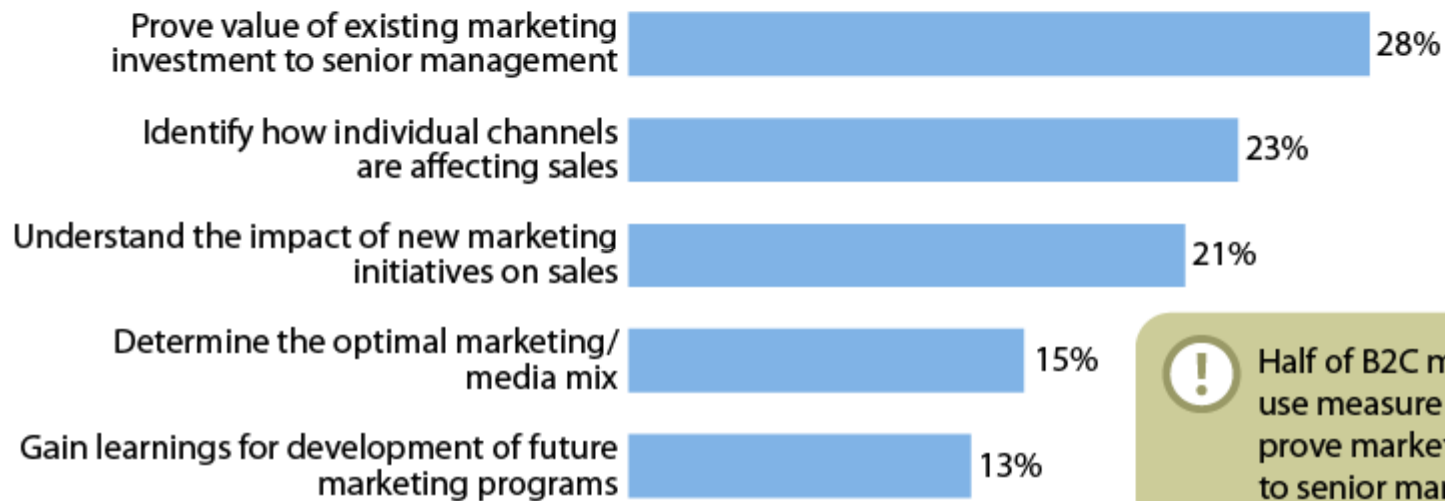**Limitations of current approach to acquisition**

Analytics interventions across the customer lifecycle

How to optimize customer acquisition with analytics

Marketers are focused on proving the value of marketing investment

1-2 Proving existing investment value is the primary motivation for marketing measurement

"Which of the following best describes your primary objective in measuring marketing programs?"

Objective	Percentage
Prove value of existing marketing investment to senior management	28%
Identify how individual channels are affecting sales	23%
Understand the impact of new marketing initiatives on sales	21%
Determine the optimal marketing/media mix	15%
Gain learnings for development of future marketing programs	13%

(!) Half of B2C marketers use measurement to prove marketing value to senior management.

Base: 39 marketing leaders

Source: October 2011 Global Marketing Leadership Online Survey

Source: January 13, 2012, "Metrics That Matter For B2C Marketers" Forrester report

Acquisition continues to trump retention as a marketing priority

"What are your current top marketing objectives?"

Acquire new customers	59%
Launch new products/brands	42%
Increase brand awareness	41%
Improve marketing ROI	41%
Increase customer retention	30%
Innovate	29%
Improve digital/interactive/social marketing tactics	29%
Increase customer lifetime value	26%
Increase customer satisfaction/advocacy	26%
Acquire, develop, and retain talent	23%
Improve marketing's value in the organization	21%
Expand globally/to new geographies	17%
Integrate communications	7%

Base: 191 CMOs
(top three responses accepted)

Source: Q3 2011 Forrester/Heidrick & Struggles Global Evolved CMO Online Survey

Source: February 22, 2012, "The Evolved CMO in 2012" Forrester report

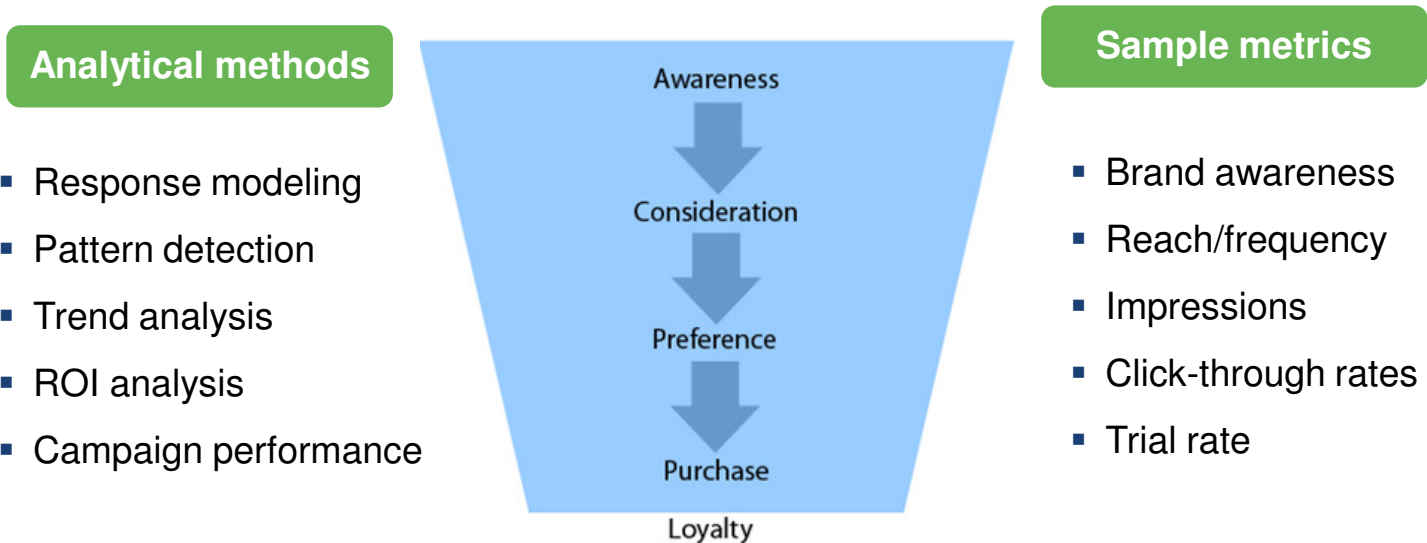# Most marketing departments employ outdated thinking

Consumer psychology

Marketing mix effectiveness

Marketing value creation

Funnel-based analytics optimizes marketing

- How effective and efficient are my marketing campaigns?

- How can I effectively target the prospects most likely to respond?
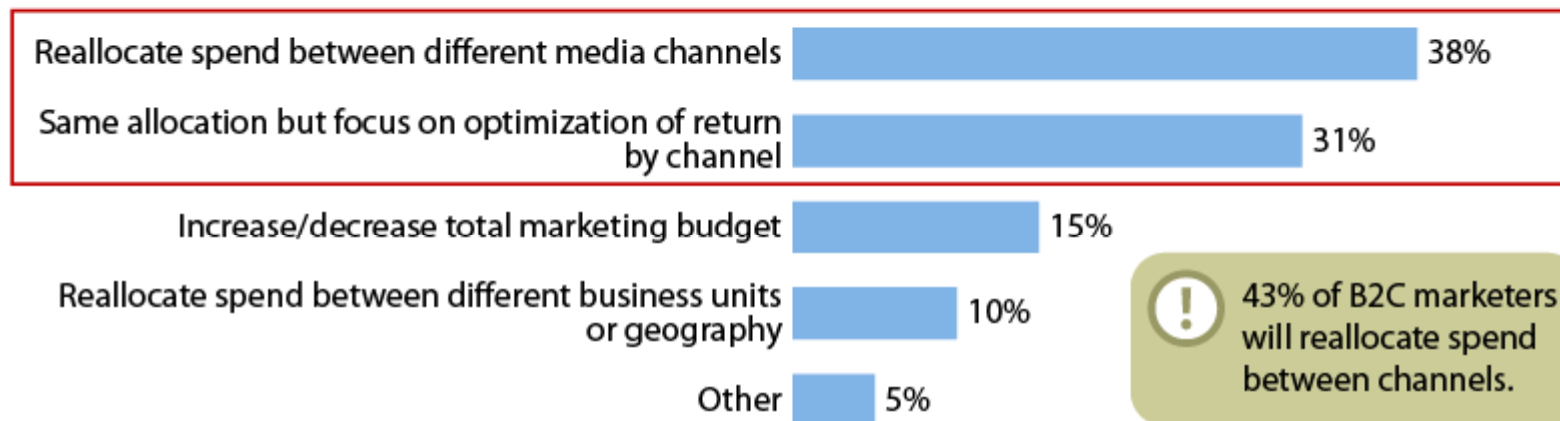
- What is the optimal marketing mix to drive revenue?

Analytical methods

- Response modeling
- Pattern detection
- Trend analysis
- ROI analysis
- Campaign performance

Awareness

Consideration

Preference

Purchase

Loyalty

Sample metrics

- Brand awareness
- Reach/frequency
- Impressions
- Click-through rates
- Trial rate

Source: October 28, 2010, "It's Time To Bury The Marketing Funnel" Forrester report

Marketers use measurement results to optimize marketing spend

3-1 **Marketers focus on channel optimization**

"Which of the following best describes action you take based on your measurement results?"

Reallocate spend between different media channels	38%
Same allocation but focus on optimization of return by channel	31%
Increase/decrease total marketing budget	15%
Reallocate spend between different business units or geography	10%
Other	5%

! 43% of B2C marketers will reallocate spend between channels.

Base: 39 marketing leaders
(percentages do not total 100 because of rounding)

Source: October 2011 Global Marketing Leadership Online Survey

But a lot is left to be answered about the customer

Current approaches to acquisition

- Focus on channel goals
  - Assess channel performance instead of the ability of the channel to attract profitable customers
  - Focus on volume metrics (clicks, response, email open etc.)

- Ignore prospect quality
  - Assume all newly acquired customers are good customers
  - Customer may become liabilities in the future if profitability is not estimated

- Erect blinkers around analytics
  - Marketing systems and processes set up differently for acquisition and retention
  - Outbound marketing analytics not linked to in-house customer behavioral analytics

Considerations for Banks and Credit Unions

- Establish success metrics and effective measurement for all acquisition campaigns

- Monitor newly acquired account holders for at least 12 months to measure adoption of engagement services and purchase of additional products

- Consider impact of lead product offered in overall household profitability

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Agenda

Limitations of current approach to acquisition

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Marketers need to put the customer at the center

Source: October 28, 2010, "It's Time To Bury The Marketing Funnel" Forrester report

Choose customer experience over customer relationship

CEM: outside-in

CRM: inside-out

Moments that matter to customers	Moments that matter to the company
Value to customer linked to business benefits	Business value linked to customer benefits
Customer perceptions of relationship and value	Company perceptions of relationship and value
Customer-centric culture that dictates technology investment	Technology investment that dictates cultural compliance

Source: April 29 2011, "Beyond CRM: Manage Customer Experience" Forrester report

Each interaction is an opportunity to know more about the customer
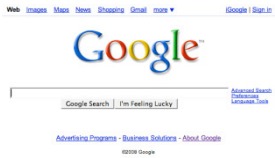
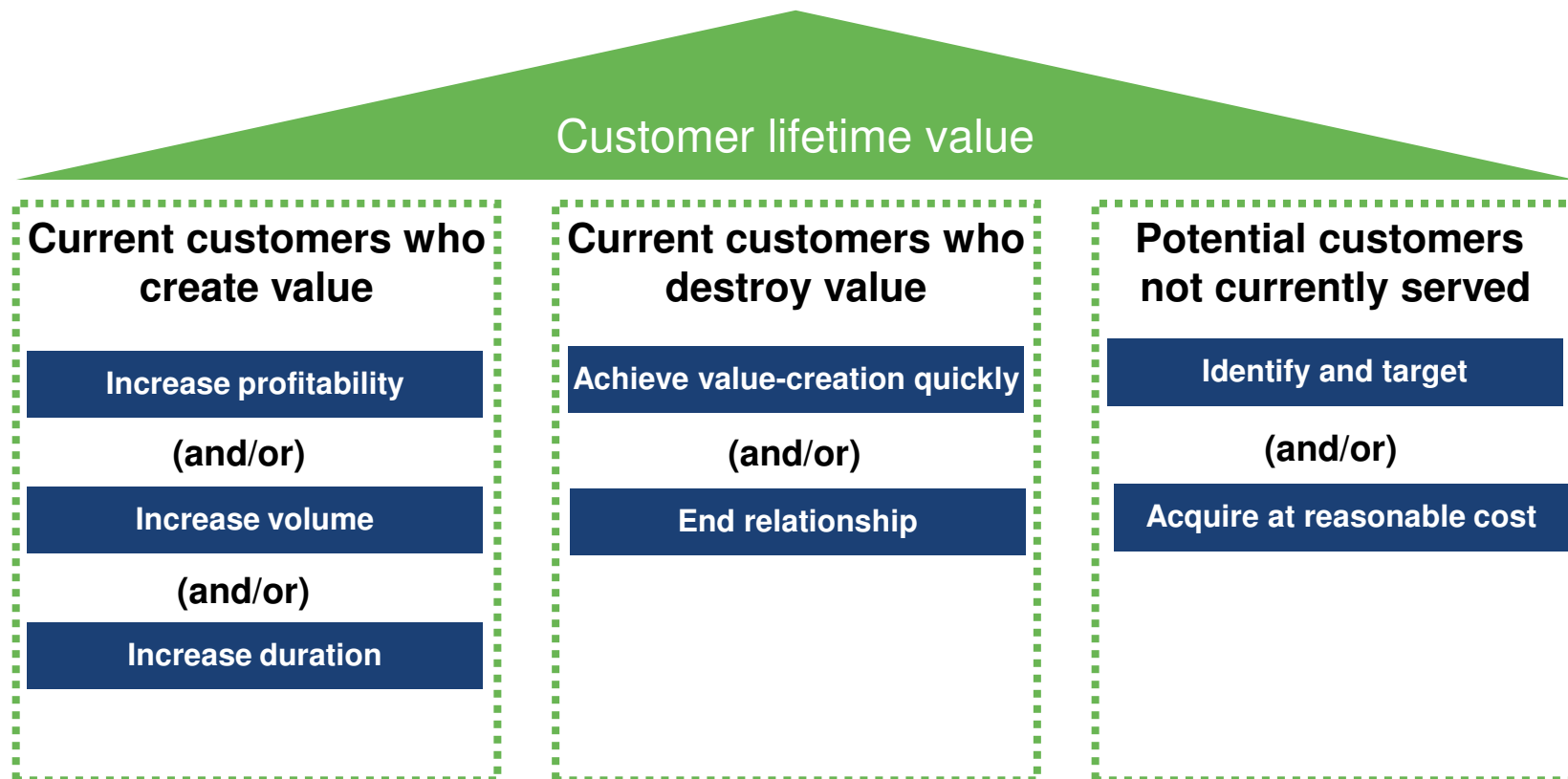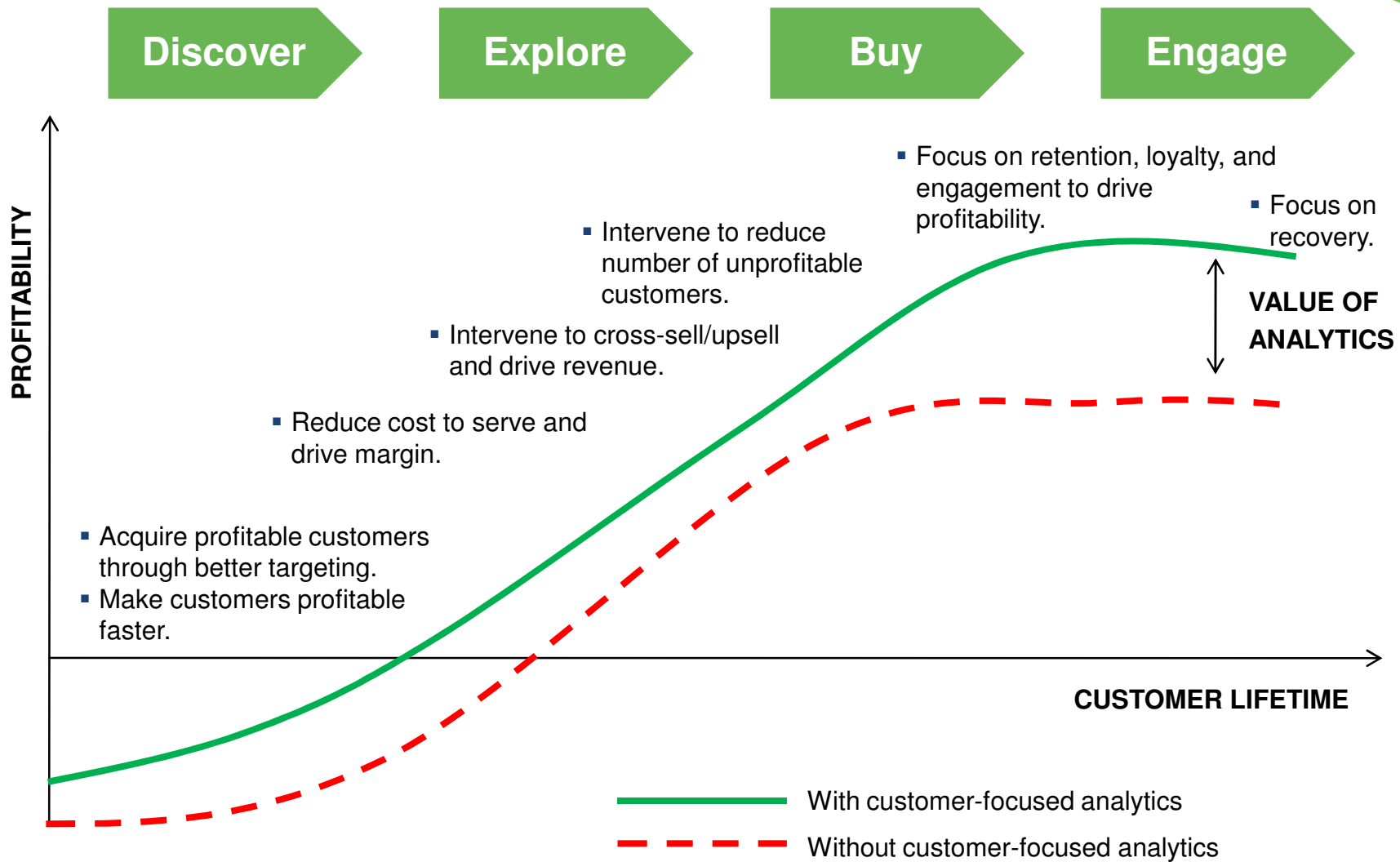| Discover	Explore	Buy	Engage

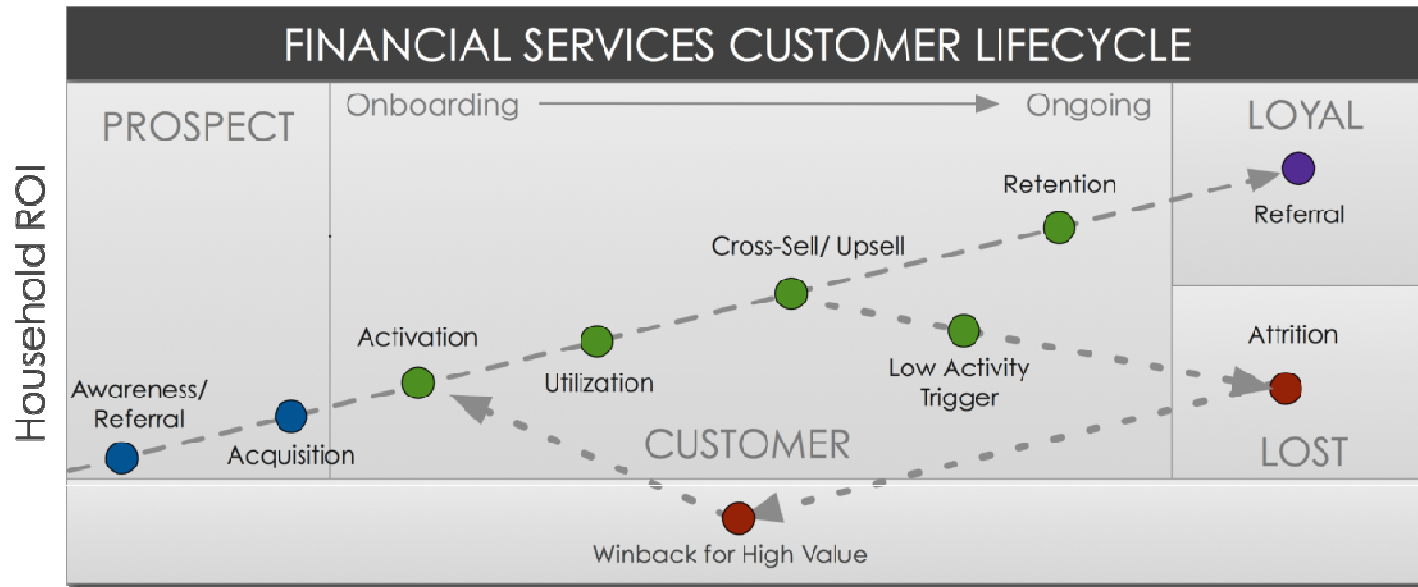The amount of information about the customer grows as the relationship advances through the customer lifecycle.
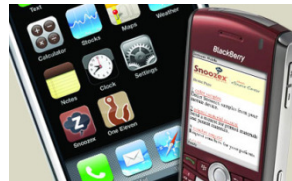
Customer lifetime value (CLV) helps devise customer-focused acquisition tactics

Customer lifetime value

Current customers who create value

Increase profitability

(and/or)

Increase volume

(and/or)

Increase duration

Current customers who destroy value

Achieve value-creation quickly

(and/or)

End relationship

Potential customers not currently served

Identify and target

(and/or)

Acquire at reasonable cost

Activate analytics at each interaction point with CLV as the connective tissue

Discover | **Explore** | **Buy** | **Engage**

PROFITABILITY

- Acquire profitable customers through better targeting.
- Make customers profitable faster.

- Reduce cost to serve and drive margin.

- Intervene to cross-sell/upsell and drive revenue.
- Intervene to reduce number of unprofitable customers.

- Focus on retention, loyalty, and engagement to drive profitability.

- Focus on recovery.

VALUE OF ANALYTICS

CUSTOMER LIFETIME

—— With customer-focused analytics

- - - Without customer-focused analytics

Analytics Within the Account Holder Lifecycle for Financial Institutions

Agenda

Limitations of current approach to acquisition

Analytics interventions across the customer lifecycle

How to optimize customer acquisition with analytics

Framework to think about analytics needs across acquisition and retention

	Acquisition	**Retention**
WHO?	Segmentation, Response models	Segmentation, Churn analysis*
HOW MUCH?	Customer Lifetime Value Analysis	
WHEN?	In-market timing*	Churn analysis*
WHAT?	Propensity models, Testing*	Next best offer*, Cross-sell/Up-sell analysis*

Not focusing on these techniques today

Segmentation, response and propensity models optimize customer acquisition

Life-cycle stage	Business objective	Analytical method
Discover	Profile customers	Segmentation
Discover	Evaluate prospects	Lead scoring
Discover	Reach right prospects	Acquisition models
Explore	Analyze customer response	Offer/contact optimization
Explore	Optimize marketing mix	Marketing mix modeling
Explore	Test marketing inputs	A/B and multivariate testing
Buy	Predict future events	Propensity models
Buy	Personalize marketing efforts	Next best action models
Buy	Target accurately	In-market timing models
Engage	Expand breadth of customer interaction	Cross-sell/upsell
Engage	Manage defection of customers	Churn models
Engage	Maximize customer value	Lifetime value models
Engage	Increase depth of relationship	Loyalty models
Engage	Incorporate customer feedback	Voice of customer analysis

Focus areas for this webinar

Source: July 29 2011, "How Analytics Drives Customer Life –Cycle Management" Forrester report
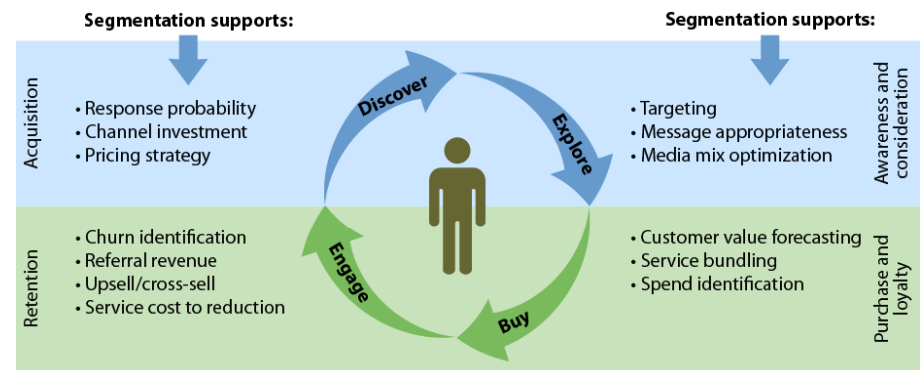
Segmentation helps target campaigns at precisely identified prospects

- **What**

  – Segmentation uses existing customer response data to select prospects for targeting purposes (one of the many uses)

- **Why**

  – Identify look-alikes in the prospect universe.

  – Focus resources in most attractive segments.

Source: February 28, 2011, "Improving Customer Segmentation" Forrester report

Plenty of options for segmentation

Segmentation approach	Role-based segmentation use			
	Market research	Customer experience	Customer Intelligence	Interactive marketing
Demographic: Approach is based on variables such as age, gender, income, occupation, nationality, family size, etc.	✔	✔	✔	✔
Attitudinal: Approach is based on reasons why customers use products and services.	✔	✔		
Behavioral: Approach is based on actual purchase behavior, transactional data, and customer interactions.			✔	✔
Preference-based: Approach is based on variables such as media, channel, and product preferences.	✔	✔		
Psychographic: Approach is based on customer beliefs, opinions, habits and lifestyle.	✔	✔		
Customer state: Approach is based on the state of the customer's relationship with the firm (new customer, lapsed user, etc.).			✔	
Needs-based: Approach is based on perceived drivers and trade-offs in purchase behavior.	✔			
Value-based: Approach is based on customer revenue, profit, and lifetime value.			✔	

Source: February 28, 2011, "Improving Customer Segmentation" Forrester report

Response models predict response to acquisition campaigns

- **What**

  – A response model identifies the prospects that are most likely to respond to an offer and assigns a score to the prospect file.

- **Why**

  – Use response as a precursor to the purchase decision.

  – Assess incremental impact of targeted campaigns.

Cumulative Gains Chart

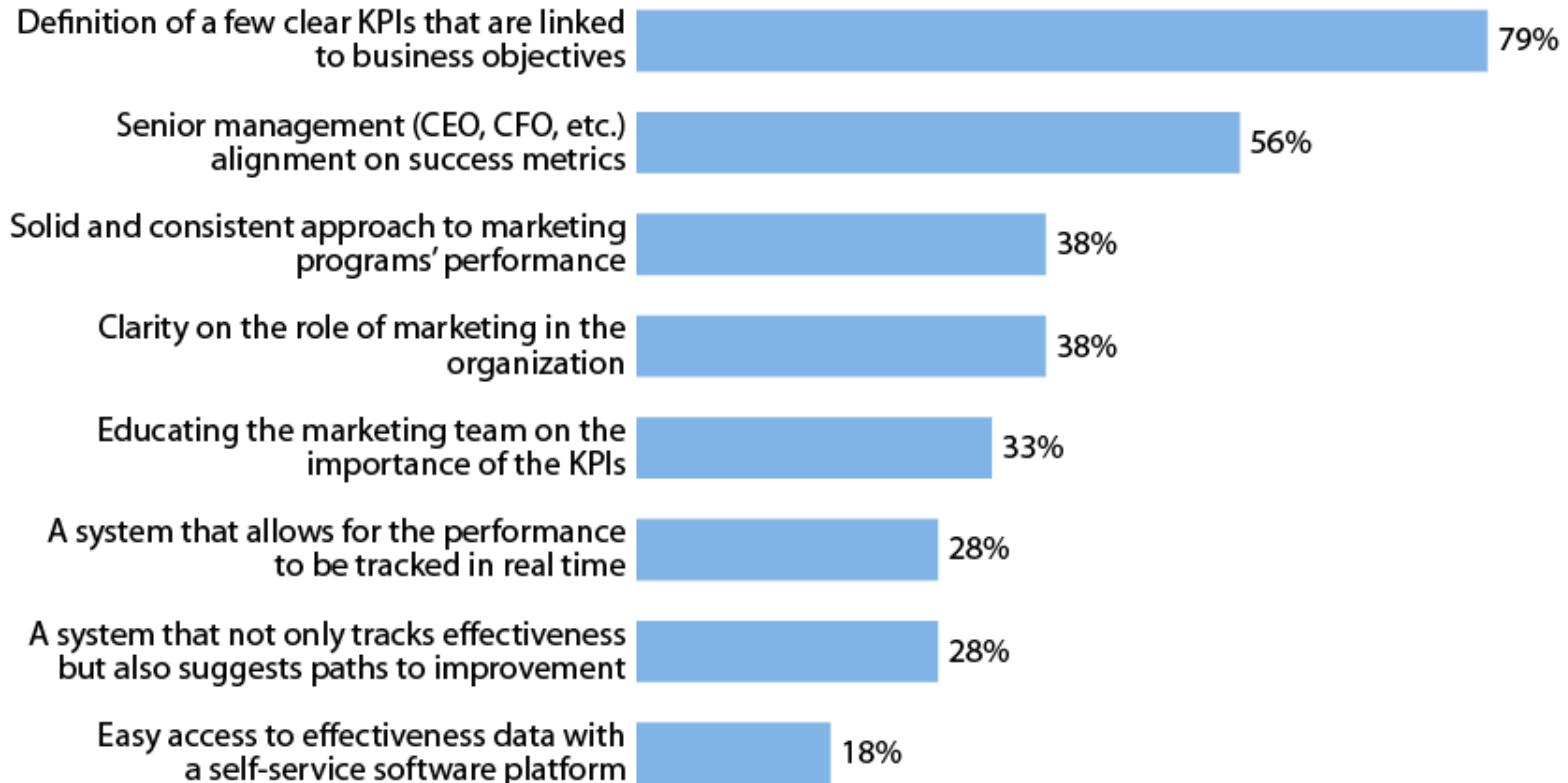% Positive Responses vs % Prospects Contacted — Lift Curve, Baseline
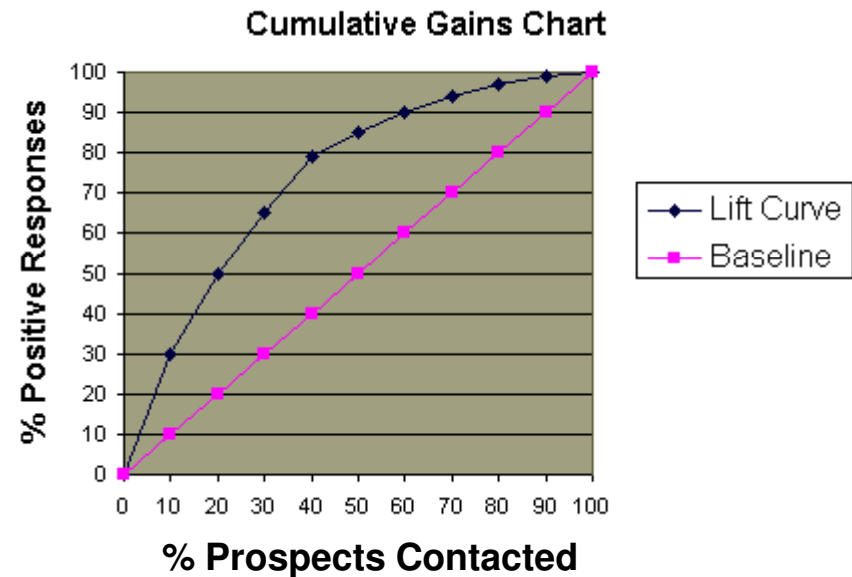
Propensity models ensure conversion with greater probability

- **What**
  - Propensity models used in acquisition campaigns assign scores to a prospect according to their likelihood to purchase a product.

- **Why**
  - Predict the product conversion event.
  - Present relevant cross-sell offers.
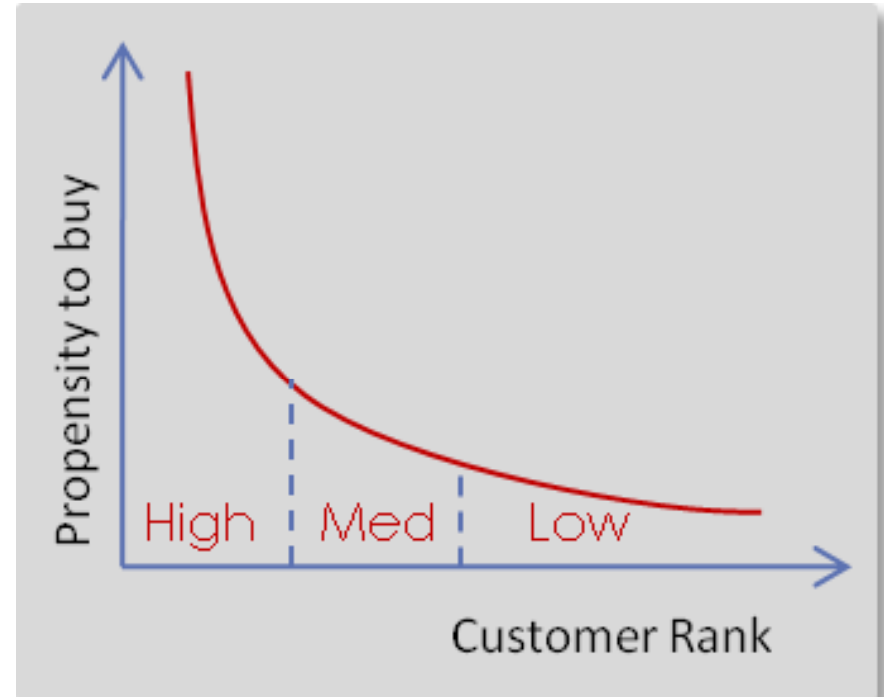
A few clear KPIs and senior management alignment are key to marketing effectiveness

"In your experience, what are the key attributes of a successful approach to marketing effectiveness?"

Attribute	Percentage
Definition of a few clear KPIs that are linked to business objectives	79%
Senior management (CEO, CFO, etc.) alignment on success metrics	56%
Solid and consistent approach to marketing programs' performance	38%
Clarity on the role of marketing in the organization	38%
Educating the marketing team on the importance of the KPIs	33%
A system that allows for the performance to be tracked in real time	28%
A system that not only tracks effectiveness but also suggests paths to improvement	28%
Easy access to effectiveness data with a self-service software platform	18%

Base: 39 marketing leaders
(multiple responses accepted)

Source: October 2011 Global Marketing Leadership Online Survey

Measurement & metrics ≠ analytics

Customer-focused
- Customer lifetime value
- Customer retention, churn
- Customer profitability
- Customer loyalty
- Engagement

Marketing-focused
- Campaign response
- Revenue by source
- Conversion rate
- Cost per lead
- Customer referral rate

Service-focused
- Cost of service
- Cross-sell/upsell revenue
- Net Promoter Score
- Likelihood to recommend
- Average handle/wait time

In summary

- Plan for acquisition analytics based on who to acquire, how much to spend on the prospect, when to acquire and what to offer.

- Map out analytical interventions across the lifecycle, balancing the effectiveness and efficiency of acquisition with the lifetime profitability of the customer.

- Use segmentation, response models, propensity models to further require acquisition through the use of predictive analytics.

- Create a set of actionable metrics that stem out of the analytics performed across acquisition related activities.

Considerations for Financial Institutions

- Effective data strategy is foundational to enable analytically driven acquisition programs

- Examples of data sources available for marketing:

  - Checking Acquisition:
    + Carrier route demographics for saturation marketing – 200+ attributes
    + Household level demographics and psychographics for individual targeting – 800+ attributes

  - Loan Acquisition:
    + Real estate and mortgage data – 25+ attributes
    + Credit worthiness – 200+ attributes

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Questions

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Thank you for your participation.

Questions and comments:
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