

Enhanced Analytics Produce Huge Cross-Sell Results



Background

A regional bank with more than \$13 billion in assets and nearly 300 locations across several states was using Harland Clarke's Stratics® predictive modeling results to drive its quarterly cross-sell direct mail efforts.

Though initial results were significant, Harland Clarke suggested amping up results by using enhanced Stratics modeling to define audience selection, and designing streamlined campaigns that address the bank's unique product line and market situation.

Challenge

The bank had two main goals for its cross-sell program: increase the program's overall response rate and reduce the cost per new account.

Until this point, the bank had approached cross-sell by self-selecting products it wanted to sell more of and using modeling to find an audience for those products. However, the bank agreed that there might be a better approach to cross-selling more products to existing customers, thereby deepening and strengthening their customer relationships.

Solution

Harland Clarke's data analysts and strategists identified important cross-sell program opportunities relative to audience, offer and creative.

Optimized Audience Selection: Rather than focusing on the products the bank wanted to sell, Harland Clarke suggested focusing on the products customers were most likely to buy.

Harland Clarke custom-calibrated the response rates for seven product models, providing score distributions specific to the bank's own customers based on how likely they were to respond to specific products.

Targeted Offers: Harland Clarke suggested that the bank use a more focused approach with one strong offer, premium, rate or monetary incentive to entice customers. For example, a letter promoting a savings account might offer a bonus interest rate if the account were established by a certain date. A letter promoting a checking account might offer a cash bonus for a limited time.

Simplified Creative: Harland Clarke's creative services team suggested a modified creative approach using a one-page format with enhanced copy to fully explore the benefits and uses of the primary product.

Harland Clarke produced quarterly mailings that were supported by email, phone and internet banner ads.

What this means to you ...

While the bank's singular goal was to drive higher overall response rates, Stratics methodology can help optimize mail file selections for a wide array of business objectives. For example, by selecting different variables, a financial institution could use Stratics modeling to identify an audience of existing account holders that would yield:

- Higher overall household balances
- Maximized ROI on cross-sell programs
- Reduced costs per new account acquired
- Increased household and/or balance retention rates

Cross-sell initiatives designed around account holders and their interests not only produce better marketing ROI, but also provide an opportunity for financial institutions to become more customer-centric.

Stratics models were developed using data from Harland Clarke's National Banking Industry Database of more than 55 million households and 132 million accounts from financial institutions of all sizes across the country.

Results

The enhanced analytics produced impressive results:

- **Response rates increased.** Individual mailer response rates rose from an average of 0.65 - 0.85 percent to 3.6 - 3.9 percent (based on different products). In the checking category — an important one for the bank — the response rate increased from 1.27 percent to 2.33 percent — an 83 percent gain. Response rate for savings grew from 1.30 percent to 3.25 percent.
- **Cost per account decreased.** Before the new cross-sell program was implemented, the bank's cost per account averaged \$100. After the program, cost per account plummeted to \$25. Before the program, cost per \$1,000 average balance was \$7, but dropped to just \$1 after the program launched.
- **Average balance increased.** The new approach has increased average balance per account by approximately 50 percent. Program balances increased 17.9 percent or \$2.4 million versus previous mailings.

- 83 percent gain in response for checking
- Cost per account dropped 75 percent
- Program balances up 17.9 percent

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 increase marketing ROI by developing satisfied, profitable and loyal account holders, contact your Harland Clarke representative.

Call **1.800.351.3843**, email us at **contactHC@harlandclarke.com** or visit our website **harlandclarke.com/marketing**.



Harland Clarke

Lifecycle Marketing

Harland Clarke provides best-in-class solutions throughout the entire account holder lifecycle — from acquisition to onboarding to cross-sell. We utilize insight-driven strategies across multiple channels to help you maximize the value of each account holder relationship.