Harland Clarke Webcast 10/3/18
The Power of Direct Marketing TRANSCRIPT

Presenter Stephen Nikitas, Senior Market Strategist, Harland Clarke

Nathan: Good day, and welcome to Harland Clarke's webcast: The Power of Direct Marketing and Why Financial Institutions Should Consider an Omnichannel Approach. This webcast is being recorded and a replay will be sent to you within a few days. If you have any questions, please use the chat box located in the control panel. The questions are private and they're only seen by the presenters. I will now turn the call over to Stephen Nikitas with Harland Clarke. Steve, you have the call.

Stephen: Alrighty, well, great. Thank you very much, Nathan. Good afternoon, everybody. Welcome to yet another Harland Clarke informative webinar focused on helping your bank and credit union be the best it can be. A little bit of background about me before we get started. I am a Senior Market Strategist with Harland Clarke. I have been here now for – I believe my eighth anniversary is coming up at the end of October.

Prior to coming to Harland Clarke and serving as a strategist, I came here with about 30 years of financial services experience working in operations, retail, and marketing, as well as public relations, and executive speechwriting. My role here as a marketing strategist is to help financial institutions, both banks and credit unions, to take advantage of Harland Clarke Marketing Services programs so that they can continue to attract account holders, strengthen the balance sheet, deepen relationships with account holders, etc. A little bit about my background, but enough about me. Let's take a look at what we're going to talk about today on our next slide.

Here's our agenda. We're going to talk about first off taking a look at overall response rates when it comes to direct marketing. In particular, we want to focus on the advantage of incorporating multiple channels when we're conducting direct marketing campaigns. From there, what I wanted to do was I wanted to segment ROI, cost per acquisition, and response rates by a handful of different media. We're going to look at direct mail, email, social media, paid search, and online display. As time permits as we always do with Harland Clarke webinars, we'll make sure we keep some time at the end of this presentation before we all sign off and address any questions that you all may have. As you heard Nathan say, if you have any questions, feel free to type them into the question panel in your toolbar on your screen.

Before we get into today's presentation, I have a poll question I wanted to ask everybody. Maybe we can bring that poll question up? Here we are. Here's the question. At what point do you think that your account holders or even prospects for that matter will start ignoring your direct mail or your direct marketing messages? At what point do you think you have reached out to that particular account holder or even prospect renounced before that particular consumer raises his or her hands and says, enough! You have communicated with me so many times I don't want to hear from you anymore.

You can select one of those buttons: 5 times; is it 8 times before the consumer says I've had enough; or is it 10 times before our target audience again whether it's an existing account holder or a prospect says, you're really starting to annoy me. I've had enough from hearing from you. Here are our answers. We've got a little bit over half of you saying, five times and that's it. Don't talk to me anymore after that. We've got about one out of every four of you say, look, eight times is enough. Then one out of every five roughly say that, you know, about after the 10^{th} time, I think it's time to maybe put the – cool things a little bit. Maybe put the brakes on or start tapping the brakes on the message. I got it; either I'm going to act on your message or I'm not.

Let me stop here while we've got our answers up. Now, let me share with you what I find. Throughout this presentation, I thought it would be pretty helpful if I shared with you anecdotes on my own experiences not only when I was on your side of the house when I was working in the financial services world, but also since I've been working at Harland Clarke. What I find is that in reality, we probably can't communicate with our target audience enough.

In some ways, this is a trick question. What I find is that those campaigns that are run on a consistent basis that have a reasonable cadence to them – by cadence I mean, maybe we're reaching out to the target audience once a quarter. Maybe it's once every six to eight weeks with the same message promoting the same product. I find that when we're involved with those kinds of campaigns, we see pretty consistent results from campaign to campaign to campaign regardless of how many times we've reached out to the consumer.

Let me give you an example of that. I work with a financial institution in the southern part of the US. They conduct checking account acquisition campaigns with us. They have been doing these checking account acquisition campaigns with us since 2015. They reach out to the same 125,000 households pretty much. Pretty much the same 125,000 households every time they drop mail, every time they send email, every time they do digital display advertising, etc. They drop seven times. They had campaigns in 2015. They conducted seven outreach campaigns in 2016, the same number in 2017, and so far in 2018, they've already conducted five campaigns basically reaching out to the same target audience with pretty much the same message promoting a checking account.

Because we always inspect what we expect at Harland Clarke, what I have found from campaign to campaign is that the response rates are pretty consistent from one drop to the next. The acquired balances whether they're checking account balances, or indirect balances, indirect products, are pretty consistent from one drop to the next. My key takeaway from that experience has been this: that we need to reach out to the consumer multiple times. I'll talk more about that in a little bit.

We need to reach out to the consumer multiple times because guess what? On October 3, 2018, I might not need a checking account today. Maybe my financial institution hasn't done anything to sour my face about the kind of service I'm receiving from that institution. Today, I may not be in the mood for a checking account. You know what? A storm blew through over the weekend. My roof was damaged. I need to re-shingle my roof.

I need to borrow some money. Maybe I need a home equity loan, home equity line. Maybe I just need $4 or $5,000 in an unsecured signature loan or maybe even a credit card will do. You've been in my mailbox. You've been in my inbox. I see your ads when I go online.

What you've done is you've created top-of-mind awareness of your financial institution. I think I'll give you a call. I think I'll go check out your website. Maybe I'll swing into your branch on my way home from work tomorrow and talk about borrowing money to help me fix my roof. I find that we cannot reach out enough to the consumer. The consumer wants to hear from us. We'll talk more about that in a little bit. Let's go to our next slide.

On our next slide – there we go. On our next slide, I really like this slide because we just talked about cadence and consistency. The two numbers that you see on the right-hand side represent the increase in return on investment. In the black bar where we go from one communication channel to a second, 19% increase in ROI. What we find when you go from two to three, four, or five communication channels, the ROI increases by 35%. Not only does it make sense to be out there consistently in front of the consumer, but to do so through multiple channels.

Now, I'm going to date myself for a moment here so bear with me. I'm going to take you all back in time. It was 1972 and it was in the boardroom on Madison Avenue in New York City in the offices of Young & Rubicam, an ad agency now known as Y&R I believe. At that point, the firm concocted what would soon be recognized as probably one of the most audacious strategies in advertising history. Young & Rubicam called it "the whole egg."

The premise was simple. What Young & Rubicam was proposing to its clients was that across all media, broadcast, print, public relations, direct marketing, all of the available media channels at that time back in the early 1970's – ancient history but don't rub it in – would be substantially improved if they were driven by one ad agency where the message would be consistent. Where the creation and the execution of the content, the media, would be consistent and help the client strengthen the brand. Deploying these efforts seamlessly, the theory held and both clients and the agency would prosper.

When that happened, at first, the overall marketplace snickered. The notion really raised a lot of comments from no kidding to you've got to be kidding. Over time, the premise gave rise to an array of successor movements known by things like integrated marketing, or multichannel marketing, or multiscreen marketing. They all promised blockbuster results by following a similar approach. It's really commonsensical, wasn't it? Let's make sure that the message across all channels was consistent.

Something crazy happened. Here we are about 50 years removed from that early 1970's meeting at Y&R. What we found is that the whole egg, the whole concept of integrated marketing still has people snickering, still has people struggling to make it happen. Today, at a time when audiences seem to be fragmented, we've got new media proliferating. We've got databases growing dramatically in size and detail. The need for integrating the tools with which we communicate with our account holders, with which we communicate with our prospects in order to achieve strategic consistency has really never been greater.

This whole concept of the whole egg or integrated marketing communications has really been difficult for a lot of financial institutions, a lot of American businesses in general, to really implement, to really deploy. In some ways, we found that the problem was the word integration itself. Integration is an important reference for the task of coordinating all of a financial institution's or all of the brand's communications and points to the need for really cross-functional teams working together. Communications was the core of the concept, but managers need to be sensitive to the fact that everything an organization does across all departments and divisions within the organization sends a message to the consumers and their stakeholders. It's been difficult for financial institutions among other things to basically get every organization within the bank or the credit union to play in the same sandbox. While this concept of simply coordinating communications sounds simple, it really has been pretty difficult for financial institutions to implement.

Now, the concept of integrative marketing as I mentioned has segued into multichannel marketing. That has segued today into omnichannel marketing. Let me talk about the differences between multichannel and omnichannel for a moment before we move on. Multichannel marketing, it's a blending of different distribution and promotional channels for the purposes of marketing. In other words, it allows us to reach our customers or to reach or members through a multitude of different channels like email, direct mail, social media, voice, etc.

Now, we've seen multichannel marketing evolve into omnichannel marketing. Omnichannel marketing, there's a nonce between the two. Omnichannel marketing still relies on multichannel marketing and utilizing multiple channels in order to communicate a message to an account holder or a prospect. Again, making sure that all of the disciplines within the organization are aligned with the message that we're sending out. The difference between omnichannel marketing and multichannel marketing is multichannel marketing provides a seamless shopping experience. In other words, it allows our customers or it allows our members to start a journey on one platform, and end it to another platform making the purchase of our products, the acquisition of our products as seamless as possible.

Let me give you an example. I live in New York City. The other day, my wife and I happened to run some errands. We were down in SoHo. Not sure if any of you on the phone have been in New York City, but SoHo is where a lot of the clothing stores are located. It's a nice place to go if you've got an afternoon you just want to walk around, and do some people watching, do some sightseeing, and do some shopping.

My wife happened to go into a retailer. I won't tell you who it was. She tried on a pair of pants. When she was in the dressing room, she came out and she was standing in front of the mirror. The mirror was interactive. What the mirror did was it all of a sudden, an image of a pair of shoes popped up on the mirror. An image of a jacket popped up on the mirror as well as an image of a handbag. They were products that the store believed based on people who were buying that particular clothing item that my wife had tried on had purchased in the past.

All my wife had to do was touch an image of the shoe, or the jacket, or the handbag, and before you knew it, a clerk at the clothing store came from around the corner with the product that she had touched on the mirror. Talk about making the purchase process go as seamless as possible. What a great use of technology. Think about that in our world.

We communicate with our account holders. Maybe it's a newspaper ad. Maybe we send a complimentary direct mail piece through postal mail. We also follow it up with email. Maybe there's an outbound phone call that our contact center places to that consumer as well letting the consumer know that they've been pre-approved for a mortgage.

Maybe what next happens is when that consumer is driving by one of the banks or credit union branches, they get a text message letting the consumer know while they're in their car that a mortgage consultant is currently available in the branch and would love to talk to that particular account holder about how the bank can help them with their need or their propensity for a home loan product. Now, that's omnichannel marketing. It's making the purchase experience go as smoothly as possible; pretty slick. Just like that store down in SoHo; pretty slick.

Okay, let's go to the next slide. On the next slide, let's start taking a look here at ROI by medium. Here we're looking at – now, these are average returns on investment. Email; take a look at social media; take a look at direct mail; let's take a look at ROI for paid search; and ROI for online display. Let me stop here for a moment. I want to talk a little bit right now about email. I was at a conference about six or seven months ago. One of the things I do is I do presentations at bank and credit union conferences sometimes around the country. Maybe once a quarter I do that.

I was at a conference earlier in the year looking at the agenda. One of the agenda topics was email is dead. I was really taken aback when I saw that. I had an opportunity to go in a listen to the presentation and was to be candid totally unimpressed. Today's marketers, we need to do a whole lot more with less. We need to connect with our audience in really highly personalized ways while staying on our budget. Now, marketers that do this, who connect with prospects and customers in these really highly targeted ways can be really successful in delivering high ROI and revenue back to the business.

Think about it this way. Facebook right now says that they've got better than a billion active users. Twitter says it's got better than a quarter of a million active users. It's tempting for us to think that wow, social media is definitely the most effective way to reach the masses, right? These are certainly impressive numbers, but what isn't so frequently shared is that – are really some of the statistics on email usage. The total number of worldwide email accounts climbed to better than five billion by the end of last year.

Now, this might be surprising at first but think about your own behavior. Those of you on the phone, think about your own behavior when you go online that when you sign up for a website like an online store. You're always asked or usually asked to enter your email address in order to create an account. You'll even need an email address for that matter to create a Facebook or a Twitter account. Email has really become the currency of the web. Anybody who's online has an email address. When it comes to connecting with your prospects, or your customers, or your members, there's probably no wider channel these days than email.

If we have to choose between – well, let me put it this way; 90% of email gets delivered to the intended recipient's inbox. Only about 2% of your Facebook fans are likely seeing your posts in their news feed. That's because Facebook is limiting the number of times your posts can appear in a news feed. That's a big deal when it comes to getting your messages seen.

Secondly, your email subscribers have expansively told you that they want to hear from you when they signed for an email on your email list. Of course, there's strict laws and regulations around spam. If you're emailing a prospect, or a customer, or a member, it's because they gave you permission to send them an email. They want to hear from you. When it comes to conversion when we look at email, there's probably no more powerful channel than email.

In fact, the average click-through rate of an email campaign is around 3% of everybody to whom we've mailed whereas the average click-through rate from a tweet is about 0.5%. That means that six times as many people are going to see your message and click through it when you use email versus something like Twitter. Of course, you can measure with email. Email is measurable. Given emails really unmatched ability to drive conversions, it makes a lot of sense to use email. Really it has become in many ways the most effective channel to drive ROI. Obviously, you're seeing that on this slide. It's clear from these stats that you see here that email is a very cost-effective channel for marketers.

The question is, why does it outperform those other channels so significantly when it comes to ROI. Again, I think it's simply the fact that it's delivering a highly personalized and relevant message, unlike social networks where you send status updates to all the followers regardless of their location, regardless of their interest and purchase history. Email allows you to be really hyper-targeted with your communication. The more data you have about your account holders that an email marketing tool like SubscriberMail let's say, the more targeted you can be.

I saw a statistic the other day, I'll share this with you. Nearly 80% of consumers indicate that they prefer marketing messages to come from email versus text messages or social media. Let me repeat that one again. Nearly 80% of consumers say that they would rather get a marketing message via email rather than getting that same marketing message from a text message marketing or through social media. Here's the other thing, the last thing to consider, and I'll stop beating this horse. Email, it isn't owned or controlled by any one particular entity; it's an open communication platform. There are a multitude of services out there that provide accesses to send and receive email.

Think about Myspace for a moment, Myspace. Again, I'm dating myself here, so I apologize. This was a really once hot site that was the largest social networking site in the world between 2005 and 2008. In fact, in June of 2006, it passed Google as the most visited website in the US. Where is Myspace today? I saw a statistic the other day, Myspace is now the 1,500th, that's 1-5-0-0, 1,500th most popular website in the US.

Email, on the contrary, has got a long history of stability. The first promotional email campaign was sent back in 1978 to a total of about 400 people. Since then, email has been growing consistently. The email space certainly has evolved, but there are tools out there like SubscriberMail that empower the modern marketer to create and send branded emails that are targeted, that are messages that account holders in many ways look forward to receiving. A little bit about email that I thought everybody would appreciate hearing. Let's go to the next slide.

On our next slide, take a look at cost per acquisition. As marketers, we are certainly under pressure as marketers. We have got to make sure that when we are measuring results – and we have to measure results. We have to justify every dollar that we spend. If you're in a bank, you've got to answer to the stockholders. If you're a credit union, you've got to make sure that you are answering to your members because your marketing budget is your members' money. Cost per acquisition is critically important.

Here are the cost per acquisitions for the various media that we're talking about today. Direct mail overall the cost per acquisition – and this is not just the banking industry, folks; this is all industry in the US – on average, $26.40. When we're reaching out to prospects, the average cost to acquire a product sale or make a product sale to a prospective customer or member, $31.10. Let's look at online display. Online display overall about $25. Social media, when we look at social media a little over $20. Look at paid search, $16 and some change. When we look at email, very cost effective overall: little over $10. When we look at email for prospects, we're looking at a little over $21.

Let me stop here for a moment and talk a little bit about – go back and talk a little bit about our poll question. That trick question I think I threw out to all of you at the beginning when I asked you how many times you have to communicate with somebody before they get sick of hearing from you. Many of you are probably familiar with the marketing rule of seven. This rule has been around for some time. I've seen some statistics that now say it's the marketing rule of 18. I'm going to rely on the marketing rule of seven because I've been around for a while.

The marketing rule of seven states that a prospect needs to hear your message at least seven times, at least seven times before they take action to buy or acquire the product or service that you're promoting. It's a marketing maxim that oddly enough, you'll get a kick out of this, was developed by the movie industry in the 1930's. Now, I don't go back that far, but trust me; this is where the rule came from. As far back as the 1930's back when the studio bosses discovered that a certain amount of advertising and promotion was required in order to compel somebody to go to a movie theater and see a movie. That was the approach that the movie studios took back in the day, back before probably all of us on the phone, took when they were promoting movies. Today, without a clearly defined marketing strategy to map out how you'll touch that prospect at least seven times, some entities out there say at least eighteen times, your odds of success are pretty slim. In fact, today you might need more than those seven times of ad mention just to be heard because of all the courter that goes on out there.

Now, in many ways, social media crushes this old-school marketing maxim by expertly leveraging the media that touches customers or account holders on a regular basis. Social media gives businesses the opportunity to engage a customer seven times a day in some cases. It's accomplished through things like content sharing, or interacting with people, and targeting ads to people who simply are interested in what you send and what you sell. Social media, in fact, all digital marketing takes a really thoughtful content strategy to engage customers at every level of the buying process including those who are not in the market quite yet for the product that you might be out there promoting. Keep in mind that socially savvy businesses publish marketing messages that come in the form of useful content that delights their intended audience.

These messages can help to tell a story and create an emotional connection. Because keep in mind everybody on the phone, and I'm not telling you anything you don't know, but buying decisions are oftentimes shaped by two things: the stories that are told and the memories that they leave behind. In fact, storytellers need to make emotional connections. That's what we do. That's what we do as marketers. You can't create an emotional connection with a consumer without interruptive advertising. We've got to be out there on a consistent basis communicating our message to our account holders and to our prospects. Okay, let's go to our next slide.

On our next slide, we're talking about response rates per medium. Here are our response rates. The olive-colored bar represents overall response rates for each medium. The black portion of the bar looks at response rates overall for prospects. Using direct mail overall, 5.1%. When we look at just direct mail for prospects, it brings the overall response rate to about 2.9%. Email, response rates overall about 60 basis points; 20 basis points when we target prospects. Paid search, 60 basis points overall. Social media, 40 basis points overall. Online display, 20 basis points overall.

Let's take a little bit of a deeper dive and look at each of these media. Let's start with direct mail on the next slide. Some things to keep in mind with direct mail. Oddly enough, I added this bullet at the very top here: organic response rates range from 4.3% for letter-sized envelopes to 6.6% for oversized envelopes. I don't know what it was this week, but I had three or four of the Harland Clarke client managers reach out to me working with our clients asking about oversized envelopes and oversized postcards. I thought I would add this to this particular slide deck as we talk about the type of product to send to a consumer through direct mail through postal mail.

The other interesting thing that I thought everybody ought to be aware of is data tells us that low and behold, younger consumers are looking at postal mail. Younger consumers, better than a third of the under the age 30 actually look forward to going to the tin box at the bottom of their driveway or the one that's fastened to the wall outside their front door. They look forward to getting mail every day. In particular, if that mail comes from a financial institution, consumers will put a lot of trust attestation into the message that financial institution is delivering to them.

Let's take a look at our next media and take a look at response rates. First off, for organic when we're talking to account holders, email primarily is used for sales, secondarily lead generation, and thirdly, for brand awareness. That's how financial institutions are using email. They're using email first and foremost for direct sales, regeneration secondarily, then brand awareness. From a prospect perspective though, email is used primarily to generate leads; way down the list, direct sales; and then thirdly, generate overall brand awareness.

Let's take a look at paid search, our next medium. On paid search, businesses use paid search this way again in priority order: generating leads, created awareness of the brand, and then lastly, focusing on selling a product or a service. Let's take a look at the next medium, in this case, social media. How are businesses using social media? Primarily, it is brand awareness first and foremost. Then it is lead generation.

Then lastly, let's take a look at online display. I want to spend a moment here talking about online display. Online display has really changed over time. When you go back, and you think about how online display advertising was used in the late 1990's and early 2000's, those of you who were around back then like me, it really was very rudimentary and not very effective. It was not targeted. Oftentimes, it was banner ads that were in your face putting in front of you when you went online promoting a product or an entity that you had no interest in whatsoever because there certainly was no targeting around online display advertising.

What happened was people became afflicted with an ailment called banner blindness back then. Those of you who were around back then might have had banner blindness where you got so immune to seeing these irrelevant banner ads, that you just stopped looking at them. You ignored them completely. Things have changed over the last 18, 20 years or so. Display advertising has taken on a whole new approach, a whole new meaning. It is now targeting that consumer who is seeing a banner ad whether it's a static ad, or a rich media ad, or a video ad. I'll talk more about those in a moment. They're seeing those ads because likely they have been browsing websites promoting those particular – or those businesses' particular products and/or services.

Today, display advertising is really segmented into two different types of display advertising: device base, targeted to a laptop or a desktop device, and then mobile base. Mobile base display advertising that's targeted to a smart phone, or an iPad, or some sort of a tablet. In fact, what we find is that those ads, those mobile base display ads actually are pretty effective. They've actually got a click-through rate that is 18% higher; pretty strong increase over device-based ads.

Let me repeat that again. Mobile-based ads have a click-through rate that is 18% higher than device-based ads. What's now driving a lot of the digital display ads are really coming down as I mentioned earlier to three different types of ads. You're getting your static ad, your banner ad that is again targeted unlike those ads from 20 years ago. You've got your rich media type of display ads, which incorporate animation or some sort of interaction. Then you have video ads, which increasingly are becoming very popular which really engage the customer, engage the member, engage the prospect much more vigorously than either of the static ads or the rich media ads. Those are our response rates by the particular type of medium that institutions, businesses, financial institutions are using these days. With that, let's go to our next slide.

We've talked about a lot of stuff today. I hope you all found this to be helpful. I would also encourage you to go to the Harland Clarke Insight Center where there's lots of information out there that can help your financial institution with marketing and retail information. You see a copy of an article that I put together talking about disruption and the Amazon effect. Feel free to go out there and download a copy out there of it. There's lots of great information on the Harland Clark Insight Center. I would encourage all of you if you'd like to go out there and look for information on how Harland Clarke can help you to continue to grow and prosper.

With that, I see we've got a bunch of questions that have come in. Let me see if I can open up my shot panel, my question panel here, and take me from the top. Let's see. What is the difference between multichannel marketing and omnichannel marketing? As I touched on this a little while ago, let me reiterate.

Multichannel marketing, it's utilizing a variety of different mediums: postal mail, email, newspaper advertising, radio commercials, TV commercials, billboards, digital display, search, etc; communicating your message through those channels. Omnichannel marketing, on the other hand, incorporates all of what you see in multichannel, but again it makes the purchase process go as seamless as it possibly can. That's the difference. It's really incorporating that purchase piece in the way we communicate with the account holder in order to make the opportunity to acquire our product or service as easy as possible.

Here's another question: are you sending the same marketing piece each drop? The answer to that is oftentimes, yes. That financial institution with whom I mentioned earlier, the one down south that has been doing the household acquisition campaigns with us since 2015, for the most part, they send the same creative to the same household time and time again. Now, if that household is a current customer or a member, they obviously are getting a mail piece that would be relevant to that particular household.

If it is a prospect, in this particular case, they're getting a checking promotion. If it is an account holder who does not have a checking account, they likely will send that account holder a creative piece promoting a checking account. If on the other hand, it is an account holder who already has a checking account with the institution, then the financial institution approaches that in different ways. It can bring propensity analytics into the engagement and identify a product or service that particular account holder shows a likelihood for.

Some account holders might get a promotion for a mortgage; others might get one for an auto loan; others might get a promotion for a money market. Sometimes that message is much more general, so it can depend. If on the other hand, some institutions will do let's say home equity activation and utilization campaigns where they are encouraging their HELOC portfolio to tap back into their HELOC account in order to capital certain projects. In those cases, the creative may change over time to coincide with the seasonality.

For example, here we are at the beginning of October. This institution might send out a creative piece encouraging the account holder to utilize their line of credit in order to tackle any last-minute projects before the snow starts flying. In the springtime, it might be a creative piece that focuses on encouraging the consumer to tap into their home equity line of credit in order to address any landscaping projects that they have coming up. It can depend on the seasonality. It can depend on the type of product that we're promoting.

Here's another question: how do we keep track of our brand message across all the channels? What tools do you recommend? Great question; we always want to inspect what we expect as I mentioned. After each campaign, we want to make sure that we're measuring results. We're certainly able to measure postal mail.

As I mentioned, we're able to take a look at email as well, taking a look at open rates, and click-through rates, and opt-out rates. Measuring gets a little difficult when you're looking at social media. We are able to measure when it comes to digital display advertising through click-throughs and things like that. We certainly have become much more sophisticated over time with how we are able to measure the effectiveness of each of the channels that we're able to use.

Next question: how do you balance out your efforts across channels? You know, it's interesting. What I have found, I took a look at some statistics recently at the beginning of the year of where bank and credit union marketers were allocating their budgets. What I found was that right now marketing budgets are pretty much 33%, 33%, 33%; a third across the board for mass media, direct marketing, and digital marketing.

Obviously, over the last several years, the increase in digital marketing as a proportion of a financial institution's budgets has really grown dramatically. Mass media has fallen, direct marketing has fallen. The decline in the amount of budget spent on mass media and direct marketing seems to have I would say pretty much bottomed out. It looks institutions have settled on 1/3, 1/3, 1/3 for each of those types of channels.

Now, I would expect going forward that we'll probably see digital increase a little bit and probably mass media drop a little bit, particularly as we see newspaper circulations continue to drop. We see TV viewership continue to drop as more people unplug cable. I would expect that mass media is likely to drop a little bit. I heard a statistic today that the most popular channel out there today is radio. Go figure, but radio apparently 95% of the American public listens to the radio. I read that 88% of the American public is on the internet. Radio seems to be a channel that is not going to go away any time soon.

Next question: what can teams with small budgets do to really maximize each and all of these channels? I would say that is where we really need to from a strategic standpoint roll up our sleeves and look at the product that we're promoting, look at the audience that we're promoting the product or service to, and look at the overall targeting metrics for the product or service that we're looking to promote. That will go a long way toward I believe determining what channels we want to rely on more so than others. Still keeping in mind that if the budget allows, we want to make sure that we've got a mix of channels because there is no one single solution obviously when it comes to marketing our products and services and getting customers to respond. Just making sure that we're as I said rolling up our sleeves and spending some time to really take a hard, strategic look at who the target audience is and what the channel they most likely would be relying on as the best way to reach out to them.

Next question: is the cost per acquisition data for bank and credit unions or across all industries? The answer is across all industries. Next question: would you say the five channels are effective because it creates synergy and keeps you top-of-mind? I would say the answer to that is absolutely.

How much ROI is typically seen from social? I believe we had that on one of our slides. Let me go back and take a look at ROI for social media was about 30%. The ROI when utilizing social media, 30%.

With direct mail outside of postcards and letters, should we think of more attention-grabbing pieces like lumpy mail or a high-quality packaging? Thinking in this case about annex packaging. The essence of that is the more you can stand out in the tin box at the bottom of the driveway, the better. If you can make that direct mail piece as attention-getting as possible, by all means, I would say go ahead and utilize that creative in order to again help our creative piece stand head and shoulders apart from everything else out there.

The last question I see here and thank you guys for asking all these questions: how do you overcome issues of your social media becoming a place where people are just complaining? Great question. I would say to that off the top of my head is try to make your social media site as engaging as possible, providing content that people are going to find helpful. Then a long time ago as I started in this industry, I worked for somebody who always told me do whatever you could to turn a negative into a positive.

If we've got people who are on our social media sites complaining about the financial institution, the products, the services, use it as an opportunity to turn that negative into a positive. Use it as an opportunity to tell your story, to tell what you're doing to fix any issues that may be out there, to explain why things are the way they are, to applaud people for providing you with information that you will use in order to help the institution get better at doing what it does. Turn those complaints into positives. Respond to the questions. Fix things if you have to and let people know that things have been fixed. Explain why things are the way they are. Maybe use the responses as an opportunity to help tell the complainers why you're different than other financial institutions in a good way.

With that, Nathan, I don't see any more questions. We had a lot of questions that came in today. Before I kick it back to you, Nathan, I want to thank everybody who attended today's session. I hope you all found this interesting. We look forward to talking to you again at a future Harland Clarke webinar. Nathan, can you take us home?

Nathan: Thanks, Steve. That's great information. I just want to remind our attendees that we'll be sending out a brief survey after this webcast ends, and that we welcome your feedback, and that we will be sending out a recording and the presentation deck within a few days. Thanks for joining us. This concludes the webcast.