

Winning at Acquisition In Times of Change

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Presenters



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Agenda

Poll Questions

The Current State of Banking

The Power of Data-Driven Marketing

Best Practices for Acquiring High-Value Households

Q&A

Survey Says

Poll Question 1

Does your institution have a data-driven household acquisition strategy in place?

- a) Yes
- b) No

Poll Question 2

How does your institution measure success in household acquisition campaigns?

- a) Return on Marketing Investment (ROMI)
- b) Cost per account
- c) Number of new accounts
- d) Number of new households
- e) We don't currently measure success of acquisition campaigns

The Current State of Banking

Business Trends: A Mix of Risk and Optimism

- Rising interest rates; Slowing organic growth
- Competition from traditional and non-traditional providers
- Experts predict 2-3 rate hikes this year
- Signification reduction in all mortgage activity
- Business lending is strong, as is competition from CDFIs and online lenders¹
- Big battles for growth and results

¹Small Business Credit Survey, 2018, [Federal Reserve Banks](#)

Technology Trends: Harnessing Data Is Key

- The “platformication” of financial services is taking hold*
- New consumers are using technology for their personal finances
- Harnessing data and technology to engage high-value households
- Emerging, powerful Gen Z market rely on financial institutions for financial advice
- Artificial Intelligence and machine learning help institutions meet expectations for personalization and relevancy

Source: Financial Services Marketing Trends, 2019, Mintel

Meeting Industry Challenges

- FinTech's / technology are reshaping our industry
- Competition from PayPal[®], SoFi[®] and Amazon^{®1}
- Respond to push button, real-time expectations
- Focus on transparency in lending and innovative value propositions
- Emphasis on saving and preparing for the unexpected¹
- Adopt marketing to a segment of one strategy²
- Shifting consumer attitudes toward debt; rising rates³
- Change focus from product, features and rates to building consumer trust

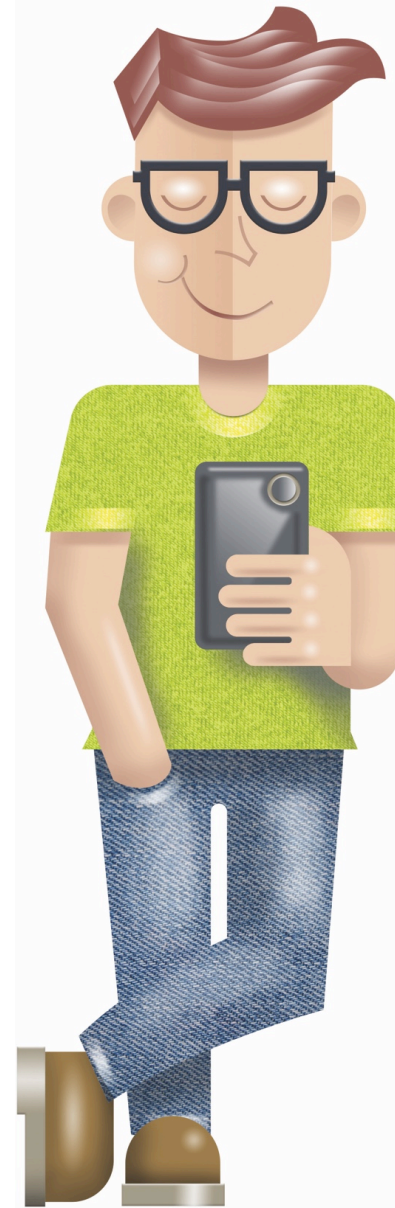
¹ The Fintechs Are Coming, Forbes

² Five Innovation Trends That Will Define Banking In 2019, The Financial Brand

³ 2019 Financial Services Marketing Trends, Mintel

Meet Emerging and Powerful Gen Z

- Born after 2000 / Post-recession economy
- Purchasing Power: **\$143B**¹
- Money-conscious
- **75%** have a checking account²
- **80%** want to be homeowners by age 30³
- **48%** have a finance app on their phone⁴
- **42%** are excited about using tech giants for financial services⁵



¹ Fromm, Jeff, "How Much Financial Influence Does Gen Z Have?" Forbes, January 10, 2018

² Innovations in Banking, Mintel 2019

³ Realtor.com, February 1, 2019, "Hey, Gen Z, Better Start Saving for a Home Now!"

⁴ Sopp, Stuart, "Why Banks May Lose Out on Generation Z - If They Haven't Already," Forbes, July 17, 2018

⁵ Schaus, Paul, "Banks Can't Afford to Ignore Generation Z," American Banker, October 18, 2018

Showing Gen Z You Care

- Become a trusted source for financial advice
- Offer multichannel banking, especially digital
- Provide feature-rich mobile app offering:
 - on-demand responses to questions
 - chatbots
 - voice assistants
 - real-time chats with financial advisors

Don't Forget Millennials!

- Ages: 23-38
- Purchasing Power: **\$200B**¹
- Money-conscious
- **73%** use a bank-issued credit card²
- **70%** feel homeownership is important³
- **70%** feel their financial institution should help them reach goals⁴



¹Schroeder, Jules, "How to Tap Into the Millennials \$200B Buying Power With Social Media," Forbes, October 31, 2107

^{2,4}Retail Banking and Credit Unions, Mintel 2018

³Home Financing, Mintel 2018

The Power of Data-Driven Marketing

Build a Successful Acquisition Strategy

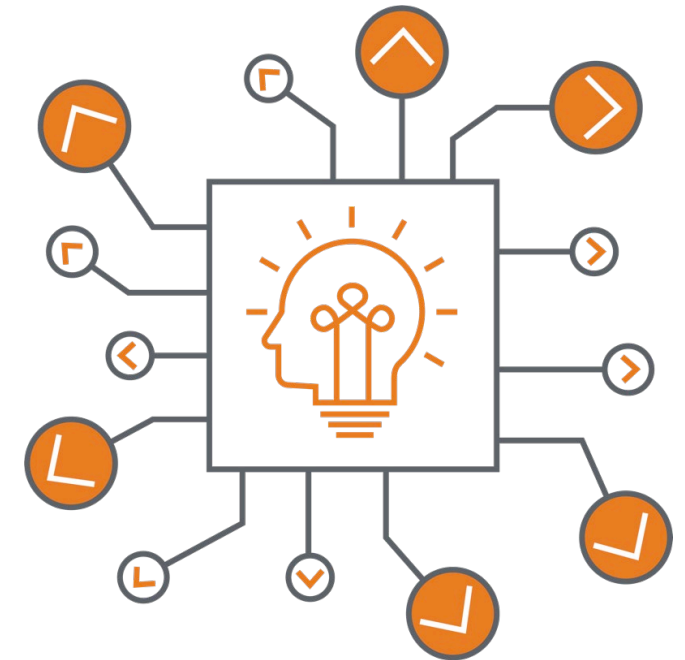
- Offer world-class customer experience
- View acquisition as a strategy, not a program
- Harness data to target high-value customers
- Promote loans across your entire portfolio
- Acquire new deposit accounts to quickly fund new loans
- Launch targeted household acquisition campaign that delivers sustained success

Target High-Value Households

- Align strategy with institutional goals
- Identify your most profitable customers
- Develop look-alike programs
- Pinpoint best-fit households
- Extend data-driven, personalized direct mail at saturation pricing
- Market the right offer, to the right person, at the right time

Feel the Power of Data-Driven Marketing

- Customer intelligence will be the most important predictor of revenue growth and profitability¹
- **49%** of marketers use data to enhance customer experience²
- **63%** of marketers have increased their spending on data-driven marketing³
- **20%** of marketing spend goes on data-driven advertising campaigns³
- **88%** of marketers use third-party data providers⁴



¹ PwC Financial Services Technology 2020 and Beyond

² GlobalDM

³ [Digital Donut](#)

⁴ Data-Driven and Customer Centric: Marketers Turning Insights Digital Donut Into Impact, Forbes

Rise Above the Noise

- Consumer profiling offers a 360-view of behavior and value
- Household-level digital targeting lets you engage across all devices
- Consumers engage with approximately 18 online messages before making a purchasing decision¹
- For optimal ROMI, combine Digital (inexpensive) with Direct (31% higher brand recall²)
- Measure results for insight and effectiveness

¹ Google's ZMOT Study

² [Digital Donut](#)

Consumers Take Things Personally

- **83%** of marketers using personalization exceed revenue goals¹
- **5 to 8X** increase in ROI from data-driven personalization¹
- **89%** of consumers are more likely to do business after personalized experiences²
- **73%** of consumers expect to be recognized as a preferred customer²
- **33%** of consumers leave due to lack of personalization²
- **45%** of potential customers abandon overwhelming websites²



¹ Data-Driven and Customer-Centric: Marketers Turning Insights Into Impact, [Forbes](#)

² The Personalization Difference, EVERFI

Top Personalization Techniques for Consumers

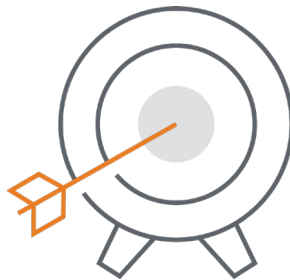
82%

want a
personalized
web customer
journey (web
optimization)



81%

Prefer
relevant
advertising
(targeting)



80%

Welcome
needs-based
product
recommendations
(onboarding)



Source: The Personalization Difference, EVERFI

Consumer Perception: Banking vs Online Retail

Delivers personalized experiences “somewhat well”

59%
Financial
Institutions



81%
Online
retailers



Source: The Personalization Difference, EVERFI

Location Data Is Changing How We Market

What is location data?

Information that a mobile device provides about its current position in space.

How is it useful?

- Provides unprecedented consumer insight
- Growing component of all business data
- Brings order to a complex data landscape
- Reveals data relationships affecting your bottom line
- Support propensity-to-purchase model

Are you taking full advantage of location-based data?

Best Practices for Acquiring High-Value Households

Best Practices

- Multichannel approach (digital display, social, email and direct mail)
- Household-level targeting based on smart data intelligence
- Advanced personalization techniques beyond variable data printing
- Always-on strategy for 24/7 consumer engagement
- Offer high-value incentives for new account openings

Proven Results

Gen XY Stands Out in Targeted Checking Acquisition



CHALLENGE

Regional financial institution with \$19B in assets wanted to boost core deposits and cross-sell technology-driven solutions

SOLUTION

Highly targeted, personalized self-mailer, along with a \$150 incentive to:

- prospects without an existing relationship
- customers



RESULTS

2,600

direct and
indirect accounts

\$38M

in new balance dollars
across deposit and loan
household products

334%

total ROMI

Many variables impact campaign success. The information on earnings or percentage increases shown are provided for demonstrative purposes only. Harland Clarke does not guarantee or warrant earnings or a particular level of success with a campaign.

Q&A

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***Presentation materials and video replay will be
provided within one week.***

Thank You