Harland Clarke Webcast 06/14/18
Household Acquisition: 3 Best Practices for Planning Your Next Marketing Campaign
Transcript

Presenter Stephen Nikitas, Senior Strategy Director, Harland Clarke
Presenter Rachel Stephens, Product Manager, Marketing Solutions, Harland Clarke

Janine: Hello, everyone. On behalf of ICBA, *Independent Banker Magazine*, I'd like to welcome you to our presentation. My name is Janine Donnelly. I'm the Manager of Webinars for *Independent Banker Magazine*. I'll be the Manager – excuse me, the Moderator for today's event. We'll be holding a Q&A session at the end of the webinar. You may ask a question at any time during the event by entering it into the Q&A panel. If you experience technical difficulties during the webinar, please use the Q&A panel to alert us and someone will assist you. You may download a PDF version of this slide deck by clicking on the drop-down menu labeled Event Resources. You'll find that on the left side of your screen. There you'll also find an article entitled: 4 Proven Ways to Accelerate New Account Openings, that I know you'll want, so be sure to check that out. Both are available for download right from the platform and you will not be disconnected from the webinar.

Today's webinar, Household Acquisition: 3 Best Practices for Planning Your Next Marketing Campaign is sponsored by Harland Clarke. Our featured speakers today are Stephen Nikitas and Rachel Stephens. Steve joined Harland Clarke in 2010 and has more than 30 years of experience. As Senior Strategy Director, he helps clients craft marketing and retail strategies to take advantage of the existing market and financial conditions to grow targeted portfolios. Steve speaks on a variety of topics, including [growing] portfolio growth, account holder retention, and turning regulatory issues into opportunities. Rachel Stephens joined the Harland Clarke team in 2016 as a Product Manager and brought with her 10 years of experience marketing products and services for financial institutions. Today we'll share best practices that you will want to implement to make your next marketing campaign more effective, less wasteful, and incredibly enticing to your audience. Without further ado, Rachel, I'll turn the presentation over to you.

Rachel: Thank you for that introduction, Janine, and thank you to our friends on the phone for dialing in and spending some time with us today. The way in which we frame this discussion is to share with many of you the questions that we receive when we help financial institutions to conduct acquisition campaigns really revolving around checking acquisition and household acquisition. As we jump right in, our first best practice is to: "Ensure your institution is enabled for generational marketing." Steve, in talking with the dozens and dozens of clients you work with, I know the topic of generational marketing comes up almost every single time. I'm hoping you can share some information of how institutions can be best prepared whether they are looking to attract Baby Boomers or Millennials. What are some things to think about related to generational marketing?

Stephen: Sure, thank you very much, Rachel, and good afternoon, everybody. Again, let me echo Rachel's appreciation for giving us the opportunity to talk to everybody today about household acquisition. Today's presentation consists of really addressing questions that I hear when meeting with financial institution who are interested in acquiring more households, more customers, more checking accounts, so on and so forth. The presentation today will really be a Q&A if you will with many of the questions that you'll see today arising from conversations that I have with financial institutions and my responses to them.

Before we get into that and before we address this first best practice of generational marketing, we wanted to make today's presentation is as interactive as possible, so we have a poll question for you. Our first poll question is revolving around the way your financial institution conducts promotional campaigns and are they targeted to specific age demographics? Now, you've got a couple of responses: yes or no. If you'd be kind enough to select a yay or a nay relative to promotional campaigns that you conduct and whether or not they are targeted to specific age demographics. We're going to talk about demographics in a little bit here. I'd just love to hear from everybody over the phone today. It looks like we've got a pretty even divide among responses here; well, here we go, a little bit of a change already. Looks like about two-thirds of you do conduct campaigns that are targeted to specific age demographics. About a third of you replied that you're not looking at age demographics when you conduct promotional campaigns. Thank you for that information, great information for us to know.

Let's get into some of the questions that I hear. Here's the first question that pops up when we talk about household acquisition, checking account acquisition, just basically new customer acquisition. That is: "What are some basic 'must-haves' for Millennials when it comes to choosing a financial institution?" There are a host of must-haves. First off, branch proximity is important. When we look at conducting acquisition campaigns, we want to make sure that we're not going too far out from a branch location. Normally, when Harland Clarke conducts acquisition campaigns, again, could be checking accounts, could be credit products, we like to keep the window relatively tight to the branch location; that could be two miles, maybe even as far as three miles out. Sometimes when we work with financial institutions and they have branches in remote locations, we might go as far as four or five miles out taking the lead from the financial institution and their perception or their experience with how far a particular customer will travel in order to do their banking. Branch proximity is certainly one key consideration.

A second key consideration is your mobile banking platform. Increasingly over the past two or three years, mobile banking has become a – I call it a disruptor preceptor if you will, in the sense that where brick and mortar and your location relative to a branch office is brick and mortar footprint. It's certainly important to how far you will travel to go to a branch and your perception of how convenient that branch location is. Increasingly, we see consumers considering a financial institution's mobile banking application, and if that mobile banking application is robust enough, that can go a long way towards helping the institution to create a perception that financial institution is convenient. Yes, certainly branch location and proximity is important, but at the same time, having a robust mobile banking application or a robust digital banking application can also go a long way toward showing a consumer that you're relatively convenient and easy to do business with.

Now, a couple of other must-haves that I see out there. Certainly, breadth and depth of product line. We know from research, for example, that many consumers, particularly younger Millennials, do not consider smaller, regional, and local financial institutions to have the product line that big national institutions like Wells Fargo, or Bank of America, or Citibank, or Chase may have. All of us on the phone know that there is nothing further from the truth. That our product lines are maybe not quite as deep as those national banks, but certainly, we offer the products and services that can solve the financial needs of our consumers. We want to make sure that younger consumers understand that we've got a product line that consists of all the products and services that a consumer would need basically from cradle to grave if you will.

Another must-have, we've talked about branch proximity, we've talked about robust banking application, breadth and depth of product line, another factor to look at is having a social media presence, again, particularly for millennial or younger consumers. We know that many younger consumers through research, through experience, will look at a financial institution through their social media lens. If they like what they see, they will pursue a business relationship with that particular financial institution. Make sure you're staying on top of your social media platforms and the messages that you're delivering to consumers because it can go a long way toward helping to convince a younger consumer that it’s your bank that they want to do business with.

Then another must have that I see out there is what happens when I walk into that branch location? Am I going to get the kind of advice and consultation that I as a consumer need in order to help me get from point a to point b financially? We want to make sure that when we conduct acquisition campaigns, we want to make sure that on top of showing consumers that we're a convenient place to do business with, on top of showing consumers that we've got a broad and deep product line, we also want to make sure that consumers understand that they can come into a branch, or they can pick up a phone, and call an expert at our financial institution in order to provide the advice and consultation that younger consumers are looking for. That's pretty important because we know from research, we know from experience that younger consumers, in particular, these days are looking for advice and consultation from their bank. That can go a long way toward differentiating your financial institution from the bank or the credit union down the street or around the corner.

Really, I see when it comes to those must-haves a handful of things. Certainly, we want to have a branch locally situated. We want to have a strong mobile and certainly digital banking platform. We want to make sure that we've got a social media presence that is up to speed and attractive in delivering the kind of messages that are important for consumers to understand that we can help them. We want to have a broad and a deep product line to show consumers that they don't necessarily need to do business with a big national bank, that we've got all of the products and services that they will ever need. Then lastly, we want to make sure that we convey to younger consumers that they can get the advice and consultation at our financial institution that will help them succeed financially. That's the first question that I hear a lot when we talk about generational marketing.

Here's another question that pops up: “What are some of the best ways to reach Millennials?” I love this question because I think when we talk about reaching Millennials, I sense that there’s sometimes some surprise out there. By that I mean, oftentimes, marketers, retailers feel that younger consumers are so tuned into digital communication, that is really the best way to reach them. What I find through experience is that when we conduct acquisition campaigns, we want to look at multiple channel programs, multiple channel programs consisting of direct mail, postal mail. That thing that ends up in the tin box at the bottom of your driveway. That is a very important component of an acquisition campaign because consumers, and younger consumers in particular, those consumers who basically have grown up with a smart phone in the palm of their hands, still go to that mailbox and pick up mail. In fact, I saw a study recently from The Data and Marketing Association that said 36%, 36% of millennial consumers appreciate and look forward to going to their tin box at the bottom of the driveway or on the side of the wall at the front of their house and picking up mail. Postal mail, direct mail, can be very effective in communicating with consumers of all ages and especially younger consumers.

Email is certainly important. It's a very cost-efficient, very cost-effective way to get our message to consumers. Online display advertising is another channel that we want to make sure that we're utilizing when we conduct acquisition campaigns. Digital display advertising, as you on the phone I'm sure know, has gotten much more sophisticated of late, where we can target that digital display ad specifically to the geography of the consumers that we're looking to reach out to. Not only is it much more targeted, but again from a cost perspective, it's very attractive. It's a very attractive way to complement the message that consumer sees in the postal mail that ends up in the mailbox, that maybe they'll see in an email message that we might deliver to our existing customers who are part of a campaign we may be conducting. Paid search is another effective way to reach out to consumers. Social media is another effective way, another tool, another channel that we can bring into our acquisition campaigns in order to make sure that our messages are getting across and being seen by the target audience, particularly younger millennial consumers.

Lastly, if we have the bandwidth internally or if our budget allows, outbound calling can be another very effective way to reach out to consumers. Now, certainly there are complications when we conduct prospect acquisition campaigns and we bring outbound calling into the picture. With a SAN number from the Federal Trade Commission, which is a very simple thing to obtain, we have the ability to place outbound calls to prospects as long as they're not on the Do Not Call List, and that can be another channel that we can bring in, in order to reach Millennials

Let's go to our next question where we talk about generational marketing and some of the best practice things we ought to be looking at: "What are some of the best ways to reach other demographics?" Would I would say is everything I just said when it comes to Millennials Surprisingly, we see older consumers utilizing and falling back on all of the channels that we just talked about, certainly postal mail, but older consumers use email and rely on email. Older consumers increasingly are looking at social media, and looking at Facebook, and Twitter among other things. Older consumers are online, and they're certainly candidates for our online display ads, and certainly, paid search is a great way to reach those consumers as well.

When it comes to how do I reach out to consumers? A multiple channel approach incorporating everything from postal mail to paid search, to outbound calling, to digital display ads, to making sure that my social media is as attractive and engaging as possible are great ways to make sure that we're getting our messages across to the target audience that we're looking to reach out to with our acquisition campaigns. With that, I'm going to ask Rachel to come back in. Rachel, what's our next best practice?

Rachel: Thanks, Steve. That was great. For our next best practice, we have: "Know what creates a highly optimized and focused acquisition campaign." I know that we're all tasked with wearing so many hats. It doesn't matter if your marketing team is fully staffed or really lean, but the end goal is to be as efficient as possible. Can you help us better understand what creates a highly optimized and focused acquisition campaign?

Stephen: Absolutely, Rachel, thank you. Before we do, here we go. We've got another poll question that I would like to bring up for our audience today. In this question, does your bank use third-party or in-house data when conducting checking account acquisition campaigns. Folks on the phone, are you conducting these campaigns, rolling up your sleeves, and doing everything on your own, or are you conducting these campaigns and looking for help from an outside supplier, an outside partner who can provide advice, and consultation, and maybe take some of that work off of your shoulders? I'm very curious to see what kind of responses we get here. Let's see, thus far we've got some early responses coming in. It looks like we've got about a 70/30 split right now: 70% of you are saying that you do look for help from outside resources. Again, we're still tabulating results as we speak. The numbers are changing a little bit. Let’s see here, I'm going to give you another couple seconds gang if you don't mind to just click a yay or a nay on those responses before we move on. Okay, I've think we've got our responses here. It looks like roughly 6 out of every 10 of you are utilizing third-party resources. We've got about 4 out of 10, a little bit better than 4 out of 10 of you are doing it all in-house. Good stuff to know. Thank you all for providing those responses.

Let's go to our handful of questions here that typically come up when we talk about knowing what it takes to really create a type of campaign that we know is going to be effective and successful. Our first question that I hear oftentimes is: “When it comes to designing an acquisition marketing campaign, what are the things that we really ought to be think about?” There's a lot of stuff here that financial institutions really need to consider. First one is does the campaign align with your overall business strategy. Now, that may sound pretty simplistic, but oftentimes I'll talk with financial institutions, and I'll get in front of a marketer, or a retailer at that institution, and we'll talk about this is the kind of campaign we're looking to conduct. My question is, “But with your goals and metrics for the year, does it align? Does it line up with what your strategy is?” Sometimes to my surprise, the answer is, “Well, we hadn't necessarily thought about that. We thought we ought to go in this particular direction.” When we pill back that onion and look at what the goals and objectives of the financial institution are for the year, sometimes maybe they should have gone in another direction. That's a good conversation to have with financial institutions.

Another key point to bring up is success. When we conduct an acquisition marketing campaign, how do we define whether that campaigns going to be successful or not? Is it going to be the number of checking accounts that we bring in? Is it going to be the balances that we might bring in or simply the number of new customers that we attract? What are those metrics or what are those determinants that when all is said and done, that will help us identify whether this campaign was really the type of campaign that really moved the needle for the financial institution? We want to make sure that the campaign aligns with the strategy. We want to make sure that we're identifying what success looks like.

Another thing we want to look at is what is the products that we want to offer? Sometimes when I talk with financial institutions, I get a little bit of a not so sure kind of response when it comes to acquisition. Should I be offering a checking account, or should I be offering a certificate account, or maybe a money market? These days I'll tell you when I have these conversations with financial institutions, increasingly I'm seeing financial institution banks where their loan to deposit ratio is 90, 95%. Maybe a checking account isn't the right product we ought to be offering. Maybe this financial institution ought to be offering a certificate account or money market account in order to bring in the kind of balances that are going to help keep that lending end in line. We want to make sure that we have our hands around what kind of product is the most important type of product that we should be offering out there in order to make sure that we're helping the financial institution continue to grow and prosper?

Here's another question: what kind of customer do you want to attract? Do we want a younger consumer, a millennial, who at this point and time might not have the assets to bring to the financial institution, might not be the kind of customer for the next year or two where we're going to have a deep product relationship or a significant share of wallet relationship yet, as these consumers are just starting out in life and starting jobs? Eventually, they're going to need product and services, but can we wait a year or two for that? Or do we want an older, more mature consumer who might bring significant balances over to the bank? I believe another key that we ought to be looking at is what kind of customer to we want to bring in?

Here's another thing we need to consider: what's the call to action going to be? I like the three Cs: call, come in, or click. If I click, and we know that particularly with younger consumers, if that's the consumer I want to target with my acquisition campaign, if I'm telling them that they can access this account simply by coming into a branch, calling our contact center, or clicking on my website, can they open that product online? I want to make sure I pay some attention to that call to action and don't inadvertently put up a roadblock that's going to frustrate a consumer who might click thinking that they can get information and then maybe open that account online.

Then another consideration on top of alignment with strategy, success determinants, looking at the right product to offer, and the type of customer we want to bring in, what kind of incentive do I want to offer with this particular product? If it's a checking account, we want to make sure that we're looking at what the competition is doing. Oftentimes, when I look at competitors out there, I see financial institutions offering 50, 100, $150 for a checking account. Now, we know there are institutions out there offering 3, 4, or $500 in order to entice a consumer to open up a checking account. I certainly don't want to go that rich; 50 to $150 is certainly an incentive that I can put out in front of the consumer in order to encourage them to open up an account with me. That's something we need to consider as we craft our budgets, do I have the dollars in my budget to put an incentive and tag an incentive to that acquisition campaign? If I do, great; if I don't, then let's think about how we want to market that product and make it look head and shoulders more attractive than similar products that are being offered by your competition. Some things to consider when you're designing your campaign.

Let's go to our next question: "How should I be using my institution's data to target account holders?" Great question I hear. This question I hear because so oftentimes, I do not see financial institutions using their data, all that information they have available at their fingertips, in order to help them attract the right type of an account holder so very easily. Let's say I'm conducting a checking account campaign. Better yet, let's say I'm conducting a money market or a CD campaign. My loan to deposit ratio is 95%. I need to bring in some significant balances, or else I might have to go out there and borrow some money in order to continue to fuel my credence, and I don't want to do that. I'd rather use that funding source that I have from my account holders.

What's the best way to target CD customer or money market customers? The best way to do that in my opinion, in my experience, is let's analyze our existing CD portfolio, or money market portfolio, or checking account portfolio if it happens to be a checking acquisition campaign. Let's take a look at those sociodemographic characteristics of those account holders: how old are they? Where do they live? How far are they from a branch? What's their net worth? What's their income look like? Let's identify those things because those are the characteristics among our existing account holders that those are the types of customers that we've attracted. Let's do an analysis of them. Let's look for similar households within our market's footprint and reach out to those households knowing that our existing account holders, those folks who have been attracted to us already look like those prospects that we want to attract. That's one way to use your financial institution's data. That's an easy exercise to do. If you don't have the tools to do it in-house, there are plenty of third-party resources out there or services out there that can help you do that.

Let's go to our next question. We talk about utilizing data. You talk about, well, maybe I don't have these resources in-house. Can I go out there and identify a third-party provider? The answer to that is absolutely. One of the questions though that I ought to be asking a third-party service provider when it comes to helping me with an acquisition campaign, well, the first question I want to ask is, do you do this? If you do this, how frequently do you do these types of campaigns?

I'll share a story with everybody. I have a friend who sells plastic hips. The type of hips that hopefully we won't have to go through this, but some of us as we get older might need a hip replacement. My friend tells me that he has the opportunity to sit in on some hip replacement surgeries. He said to me one day, “If you ever need a hip,” and I hope I don't but if I ever do need a plastic hip down the road, he said, “When you talk to the doctor, you want to ask the doctor, 'How often do you do these hip replacements?' If the doctor says to you, 'I do one a week, maybe one every couple of weeks.'” His advice to me was, “Get out of that office as quickly as possible. You want to have your hip replaced by someone who's doing this eight hours a day, every day of the week. They know the ins and outs. They know what to look for.”

My reply to this question is the first question we ought to be asking is how frequently do you conduct this acquisition campaigns? If you don't do them often, and you do them every once in a while, then you know what? I'll go out there and find a partner who does them all the time because that partner through experience will know what I ought to be looking for, what the pitfalls, and what the dangers, and what the risks look like, what I need to be doing in order to ensure success. I also want to ask that provider, share with me some experiences, share with me some of the results that you've seen from the financial institutions for whom you've done these kinds of acquisition campaigns. I want to take a look at how good your campaigns have performed. I want to know what kind of balances you helped these institutions bring in. How many households were attracted? Let me take a look at the creative. Do you provide creative or does the financial institution have to provide creative? Because if you can take that burden off of my shoulders, that's certainly another plus in your column. I know in my marketing department, I've got a limited staff, and they're busy as it is, so if you can provide creative, all the better. Let's take a look. Show me the results you bring in. Show me what kind of balances your campaigns bring in. Show me what kind of feedback, give me a reference account that I can talk to. I want to get some feedback from people who've dealt with you. How easy are you to deal with? Do you stay on top of these campaigns or am I constantly picking up the phone trying to track you down?

I will tell you from experience and from my former life as you heard Janine say earlier on, I've got 30 some odd years in the banking world. I've conducted plenty of acquisition campaigns. I will tell you, I want to be dealing with a partner who's going to stay on top of me, who's going to be the kind of partner who's going to really take me by the hand and lead me from point a to point z and through implementation. I want to make sure that I'm dealing with a third-party partner who's going to take the bull by the horns and is going to have meetings with me on a regular basis up until the point we've implemented and then beyond. Then I want to ask what kind of results do you provide? Do you inspect what you expect? It's one thing to roll out a campaign, but I also want to make sure that when all is said and done, you've got some skin in this game if you will. I want you to show me what kind of results. I want you to be able to measure, with my assistance, but I want you to be involved and show me the results that these kinds of campaigns generated for me. Back to one of our prior questions, did they meet those metrics that we defined at the outset to determine whether this campaign was going to be successful or not? Let's look at do they do this often? What kind of results do they get? What kind of feedback to we hear from their existing customers? Are they going to be kind of partner that's going to lead me by the hand from point a to point z all the way through implementation and beyond? Beyond being are they going to measure the results of this campaign to make sure that we can inspect what we expect and get better from campaign to campaign?

Let's go to our next question: "Why is using data superior to simply doing a radius marketing campaign?" In the old days when financial institutions conducted acquisition campaigns – and the old days weren't that old; we're only going back three or four years ago. Typically, financial institutions, whether on their own or with the help of a third-party provider, or a partner, they do a radius mailing. I want to reach out to every household within a two, or a three, or a four-mile radius from my branch. That's great, but if it's a checking account that I'm promoting, or maybe a money market account, or maybe a CD, whatever the product is that I'm putting in front the consumer in order to attract them to my bank, do they have a need for that particular product or service? That's where data comes in. That's where data comes in where we can look at, for example, propensities among households. Where we can look at sociodemographic characteristics and determine if households are likely in the market for the product or service I'm looking at. Where we can use our data as I explained earlier, when we might conduct a money market or a CD campaign, and look at existing depositors and then map that lookalike information over into the community.

Utilizing data is better than doing a radius campaign because we are going to be reaching out to households who for a variety of different reasons based on the data points that we bring into the campaign, show a likelihood for the product that we're offering. At the end of the day, what happens? Better ROI, better response rates, more balances, simply a better spend of the limited marketing dollars that I have. Being a marketer for 30 some odd plus years, I know that at least when I was on the back side of the house, we never have enough dollars in our marketing budget to do all the things we'd like to do. If I can conduct this acquisition campaigns as cost efficiently, as cost-effectively as possible, that is only a good thing because it allows me to be efficient. It allows me to be successful in the campaign I'm conducting.

Let's go to our last question for this session – whoop, I'm sorry. Let's go to our last question for this particular section: "How can an institution combat waste during an acquisition marketing campaign?" The answer to that is very simple: target the right customer with the right product or service. Take the time to make sure that we're doing our homework, we're conducting our due diligence, to make sure that we're identifying the right households for the particular product that we want to be offering. That is the best way to make sure that we're not simply hitting every household in the community with a mail piece, with an email, with a digital display ad, whatever; that we're only reaching out to those households where we know that the likelihood of a response is the highest possible. With that, let's go to our third best practice. Rachel, if you would be kind enough to come back in, I would appreciate it.

Rachel: Great, thanks, Steve. That was really great. Definitely a lot of focus in that last best practice, even more, I think one that is probably most important, especially when we're looking at our costs very closely. I had a client a couple of weeks ago tell me that household acquisition is a strategy and not a program. They knew that it was something that can't be turned on and off and then expect to effectively meet your goals. That resonated so well with me because when we think about acquisition, we know it's about getting the right offer with the right product to the right person at the right time. That really can't be accomplished with a singular effort. It's also safe to say that we all know that strategy comes with a price. When thinking about that cost, Steve, and looking at our third best practice of designing the campaign with Return on Marketing Investment in mind. Can you provide us with some thoughts on how to design a campaign with that return on marketing investment in mind? What are your clients asking you as it relates to their marketing investment? Then piggybacking on the previous best practice, how does this all align with maximizing our marketing budgets?

Stephen: Absolutely, thank you, Rachel. We'll get there, but before we do, I've got another poll question. Here's our last poll question for everybody, I promise. Here's our question: what kind of ROI does your bank realize when conducting acquisition campaigns? We've got a variety of different answers here: 50 to 100%, 100% to 200%, 200% to 300%, and then 300% and beyond. When you guys conduct these campaigns, what ROI are you seeing? How successful are your campaigns? Select one of those answers if you would. Give you a few moments here to select an answer.

Let's see what's popping up here. We'll give you a few more seconds here, so please respond if you'd be kind enough. So far what I see, we've got between 50 and 100% seems to be the most prevalent response, but let's wait a little bit longer as everybody's mulling over this particular question and thinking about what kind of ROI they get. Okay, we're going to close the curtain on this in a few seconds here. Here are our results. It looks like about two-thirds of you see ROIs between 50 and 100%. We've got about 3 out of every 10 of you see ROIs between 100 and 200%; nobody in the 200 to 300% range; and then we've got 1 out of every 10 of you roughly see really what I would call “knock it out of the park” response rates or ROIs 300% and beyond. Great, thanks everybody for that; good responses. I promise that's our last poll question. I want to thank everybody for being kind enough to participate and give us some really valuable feedback with those questions.

Here's the first question that I see when we talk about return on marketing investment: “What kind of ROMI should an institution look for in a saturation/acquisition campaign?” You saw your results. I would say certainly the higher, the better. We had it looks like about 10% of you in that survey said that you were seeing 300% or better. I would say 200 to 300% is certainly a strong ROI. Anything over that, again, this being baseball season, I would say it's certainly a “knock it out of the park” response. At the same time, when we talk about ROI, don't lose sight of other things as well like balances that you attract; like the number of account holders you attract; like the type of accounts you attract. Certainly, look at ROI; it's definitely important. It's something we are all measured on. As marketers and retailers, it's likely a metric for every campaign that we conduct that is going to help determine what kind of marketing dollars we get in next year's marketing budget. We want to make sure that we're providing value to the financial institution. While we're measuring ROI, simply don't lose sight of balances, number of accounts, the type of accounts we open, and that sort of thing.

Let's go to our next question that I hear a lot when we talk about ROI: “What type of cadence is appropriate for an acquisition campaign?” Here's how I like to answer to that. With acquisition campaigns, look at them as journeys and not destinations. By that I mean, if you're thinking about dipping your toe in the water with an acquisition campaign: I've got some dollars in our marketing budget. I know we need new customers, new checking accounts. I think I'll try this once, see what kind of responses I get, and then I'll make a decision after that point on whether I'm going to do it again. To which I say, that's probably the worst way to look acquisition campaigns. Look at them again as a journey, not a destination. I like to tell financial institutions that, “Sign up for a year. Conduct the program for a year. Make sure you have the dollars, of course, in your marketing budget to do that. Over the course of a one-year window, look at dropping every quarter at least, ideally every six to eight weeks. Target the same audience from drop to drop.” Now, some financial institutions when I say that, “The same audience from drop to drop? You mean get the same creative piece in front of them, promote the same product in front of them every six to eight weeks every quarter? Oh goodness, they're going to get sick of seeing my message.” To which my response is, “We want them to get sick of seeing your message because we are building top of mind awareness.”

I've seen a commercial on TV and humming a jingle that we hear on a TV commercial or repeating a tagline that we hear on a TV commercial. To me, those are the best most effective commercials because they've gotten into our minds. We're thinking about that jingle. We're thinking about that tagline. That marketing, that advertising campaigns has done exactly what it set out to do. It created top of mind awareness. When it comes to cadence, more frequent, more often is better. Reaching out to the same households, time and time again is a great way to build top of mind awareness.

I work with several financial institutions out there. I work with an institution in Florida who has been doing checking acquisition campaigns with us since 2016. This particular financial institution drops every six to eight weeks. They target primarily prospects, but in their campaigns, they're also reaching out, putting a checking account offer in front of their existing account holders who do not have a checking account. From campaign to campaign, they probably reach out to 100,000 households. About 90% of those are prospects; about 10% are existing customers without checking accounts. Every six to eight weeks, it's roughly the same set of households. They have been doing this with us every six to eight weeks since 2016. Their response rates are consistent across the board every time we drop. Consistent response rates are actually going up a little bit from drop to drop, reaching out to the same households.

Now, sometimes those households will open up a checking account, but sometimes those households will open up a home equity loan, or a money market account, or maybe get a mortgage from the financial institution. What the bank is doing and what the bank fully understands is that yes, we're offering a checking account, in this case, 300,000 or so households. Maybe today on June 14th, that particular household needs a checking account. I want to be there when they do, but maybe on June 14th, they don't need a checking account. Maybe a storm blew through over the weekend and damaged my roof. Maybe I've got to go up and replace some shingles and I need to borrow some money because that can be an expensive endeavor. What this institution fully recognizes is that we all have financial needs. Getting in front of the consumer on a regular basis is a great way to develop and create top of mind awareness, so that when a storm blows through and damages the roof, when I realize that we're bursting at the seams, seams that I need to expand, or add a new room onto my house, or maybe look for a bigger house. Maybe my car is breaking down and I need a car loan. Maybe I've got a CD maturing somewhere and I don't like the rates. We're creating awareness that we have a financial solution for that particular household when the need arises. Cadence: look at it, sign up for a year, drop at least quarterly, ideally every six to eight weeks.

“Over what time period should a campaign run before measuring results?” our next question. If a campaign is running quarterly, we like to put an expiration date out there maybe 45, maybe 60 days after the mail drops after the initiation of all the communication channels have taken hold. Then after that expiry date, 45, 60 days out, we want to measure results. When inspect what we expect, we want to make sure that we're not just looking at numbers, but we're rolling up our sleeves and figuring out what is it that we need to do to get better? We want to look at how each particular branch that we’re supporting with these campaigns has performed. We want to take a look at something called fair share ratio, which helps us measure how well a branch is doing in these campaigns. If a branch's fair share ratio falls below our benchmark, we want to go in there and figure out why is that branch not performing as well. Is our platform staff not good at talking about our products and services if people come in in response to our acquisition campaign? Or maybe we could do a better job of targeting households. Maybe we simply are not targeting the right households and we ought to take another trot at the overall targeting approach. Ideally, every 45 to 60 days, we want to be measuring results. We want to inspect what we expect on a regular basis and make sure that we can look at numbers, so the next time we run the campaign we get better at what we do.

In our last institution: “How can financial institution ensure the best ROI?” Lots of things you can do. Be agile; by that I mean, when we look at results after each particular campaign drop, as we inspect what we expect, make sure that we're looking to do the best we can, whether it's targeting, or whether it's the offer, or whether it's the product we're putting in front of consumers, or whether it's the incentive that we're offering. Let's make sure that we can change things up if we have to if it's necessary. Let's make sure that we're conducting campaigns that utilize multiple communication channels as we talk. I saw a statistic the other day, again, I believe this came from The Data and Marketing Association. This was a great statistic. When we go from one communication channel to two, on average industry-wide we see a 19% increase in ROI; 19% increase in ROI going from one channel to two channels. When we go up to as many as five channels, when we go two channels and beyond, we see a 39% increase in ROI. Be agile, inspect what you expect, and make sure that you're taking advantage of as many channels as possible in these particular campaigns. Let's face it, the best campaigns are the ones where everything compliments each other. Where the postal mail is complementing the email, where the digital advertising is complementing the postal mail and the email, where our social media complements everything above it, so on and so forth.

With that Rachel, we have about 10 minutes. It's our time here to answer questions that you all may have had. I'm going to bring Janine back in. Janine, would you be kind enough to let us know in our remaining 10 minutes if there are any questions that we can respond to?

Janine: There are, Steve. In fact, we have some great questions. There's still time for you all to go ahead and submit additional questions. Before we kick off Q&A, I just want to point something out to those of you who may have joined late. Check out that Event Resources area on the left side of your screen. Click on the drop-down menu and from there, you can download not only the slide deck but Steve and Rachel have provided an article I know you're going to want. It's tips to accelerating your new account openings, so be sure to check that out as well. You can download both of those assets right from the platform without leaving the webinar. One more thing, Steve, before we kick off. On this particular slide, right now you'll see a link. That is a live link, www.harlandclarke, there. Go ahead if you're interested in more information or just want to check out the website, you can also click on that live link, and then you'll have that open following the webinar. With that Steve, here's the first question: “What about redlining? How do you get around that when you're targeting customers?”

Stephen: Sure, great question. Let me answer that this way, I'll give an example of how we approach that. I'm working with a financial institution and that issue came up for them. By the way, the redlining question when we conduct targeting campaigns, I would say it pops up probably 20% of the time. Of course, with acquisition campaigns, you want to make sure that your compliance people are involved and make sure that there are no issues or no concerns about redlining and making sure that we're targeting as many consumers as possible. Here's how we handled this for a particular financial institution. They wanted to make sure that they were reaching out to certain ethnicities or a low income for example. What we're able to do with our targeting is we're able to target let's say geographies where there are high ethnicities or where there are large segments of low income. With this particular institution working with them, what we're able to do is target 15% of the acquisition campaign focusing on I think in this case, let's say it was lower income. They wanted to make sure that they were reaching out to unbanked, lower income consumers.

Working with the bank, we have the capabilities on the targeting perspective to make sure that we can identify those particular geographies and reach out to them. At the same time, we're able to measure what kind of results we're getting from each of the particular geographies that we target. It helps us if an examiner is coming in and an examiner wants to know, what are you doing to attract new customers, and are you reaching out to all demographics, all income levels within your market footprint, we can show them specifically who we're reaching out to, when we reached out, and just as importantly, what types of products, what types of services, what types of balances the households within each of those particular geographies is opening. We look at the geography, and we have lots of data points available to us at our fingertips to make sure that if the concern is redlining, we make sure we're overcoming that particular concern and help the bank with those endeavors.

Janine: Great, here's another question: "You spoke to getting more granular with your demographic of traits for better targeting of campaigns. Wouldn't you want to cast a larger net to increase the chances of conversion?"

Stephen: Sure, great question. Let me answer that this way. We have limited marketing dollars at our disposal. We want to make sure that we're spending our dollars as efficiently, as effectively as we possibly can in order to generate the highest ROI. Rather than necessarily casting a wide net where we know that there's likely going to be not a great deal of households that might have a need for our product, we want to take the time to target and to identify households either based on best practices, or based on an analysis of our data in that lookalike exercise that I talked about earlier to specifically target those households who show the highest likelihood of opening up a product with our financial institution. It's a better spend of our money and it's a better resulting return on our marketing investment.

Janine: Great; okay, here's someone who's hearing lots of conflicting information about the value of direct mail and says, "Are people really still responding to these offers?"

Stephen: Yeah, they are. That's a great question, but absolutely. As I mentioned earlier, that study that I had mentioned from The Data and Marketing Association that said that 36%, 36% of Millennials are looking forward to the mail that they get in their mailbox at the bottom of their driveway. Direct marketing using postal mail is very efficient. We also know that when we look at response rates by different channels – let me just share some numbers with everybody over the phone. When we look at direct mail response rates, on average, we see a 5.1% response rate when it comes to direct mail. Now, the other channels are a little bit lower and the other channels are used for different purposes. For example, email is primarily used for lead generation and brand awareness. We know that page search can be used for also primarily lead generation and brand awareness, and so too with social media. Of the different communication channels that we bring into the picture, far and away, direct mail is used for sales and has overwhelmingly the highest response rates. Janine, back to you.

Janine: Steve, I think it's probably time to wrap up. We're almost to the top of the hour. I'm going to go ahead and just thank everyone for attending today's webinar, also for your thoughtful questions. If we did not get to your question today, someone will reach out to you via email to answer it. I also want to thank Steve and Rachel for sharing their expertise with us today. Later this week, watch for a follow-up email containing a link to the recording of today's webinar. That concludes our webinar. Thanks again for joining us and have a great day.