Winning at Acquisition in Times of Change
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TRANSCRIPT

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Amber Sullivan: Good afternoon. This is Amber Sullivan with The Financial Brand. I just want to thank everyone for joining us today for this webinar from Harland Clarke and the Financial Brand, Winning at Acquisition in Times of Change. Before we get started, we'd like to let everyone know that the recording of this webinar will be available and sent out to all attendees shortly after the webinar has concluded. If you have any questions, please use the questions panel on the dashboard, and as always, we'll get to as many as we can. Now it's my pleasure to introduce Geoff Thomas, chief product officer, and Carrie Stapp, SVP of product management at Harland Clarke. Geoff, I'll let you take it from here.

Geoff Thomas: Thank you very much, appreciate it. Good afternoon, everyone. Our agenda today, we're going to start off with a couple of poll questions just to take the temperature of our audience, and then talk a little bit about the current state of banking, which could be our entire topic, but we'll keep that short today. Then the role of data-driven marketing in the acquisition of high-value households, and getting to what I know you all are most interested in, and that is, what are the best practices for acquiring high-value households. Then we'll try to be succinct enough to get to as many of your questions as possible, so let's begin with our survey, Carrie?

Carrie Stapp: Hello, everyone, welcome to the webinar. We're so excited to see the results of the poll questions. We're going to ask two quick questions just to get a feel from the audience. The first question is, does your institution have a data-driven household acquisition strategy in place? Things like using targeted modeling, saturation models, different levels to really understand data-driven information in order to drive acquisition. You can just click yes or no, and then we'll watch for the results. We'll just give it here a few seconds here.

Okay, so we have majority of the responders having responded, we're showing 61% currently today are not using data-driven household acquisition strategies, and 39% of the responders are. That's an interesting mix there. Hopefully, we'll be able to share some insights for those of you that answered no to be able to start doing that in your institution, and then for those of you who are on the yes side that we're able to provide a greater insight and help adjust where needed on your program. The next question and there's a couple of options here, how does your institution measure success in household acquisition campaigns?

Please only select one and if you utilize more than one of these, select the one that is most important to how you would determine the return. Okay, so, this is interesting. 25% of the responders are saying that return on marketing investment, meaning how much marking dollars did I spend? Did I get a return for that? Only 3% are coming in saying that cost per account, meaning allocating the marketing expense towards the actual number of accounts that were generated, and how much is it costing to drive that. Number of new accounts is sitting at just under 50%. 47% say just sheer number of new accounts and how that equates to what your expectations were.

11% look at number of new households versus number of new accounts, so we'll talk about households here today in our presentation. Then 14% say that you don't currently measure the success of the acquisition strategies. That's interesting, we're going to talk a little bit about how to measure, as well for those of you that aren't currently measuring the success. Hopefully, you'll get some insight in the information that we're going to give. We're going to talk a little bit about all these ways to measure and how we can potentially help open up new doors and look at new and exciting ways to measure.

After the poll results, that's good, let's move on to Geoff. Geoff's going to cover for us the current state of the industry, so, Geoff, we'll turn it over to you.

Geoff: Thanks, so, on the next slide, at the moment, I would say the forecast for 2019 says no further rate hikes and at least one potential in 2020. I think most of us that watch that know that that subject could change at any time and that our political environment has created some uncertainties in the way that interest rates have been managed over the last year. Without a doubt though, there is uncertainty, and there's an accompanying slowing of organic growth. We've noticed that the churn has been reduced and that there's a slightly lower attrition across the board, and fewer customers, fewer consumers are actually switching banks at an aggregate level.

On top of that, we've got really, unprecedented competition from every angle, both traditional and non-traditional providers. The mortgage business has slowed quite a bit, and business lending is strong, but so is the competition for business lending. The proliferation of online lenders, not only for small business but also for unsecured personal lending has really changed the landscape quite a bit, as well. The result is that there are some significant battles now for growth and results, especially with lowered churn. On the next slide, I think one of the other challenges that we're facing is the platformic ation of financial services.

What we mean by that is that really, today, in order to accomplish your banking, a consumer really doesn't need a bank per se, and certainly not a relationship in the traditional sense. The competition for that consumer is now very different because a lot of the competition takes place in the technology space. What is the technology? What is the experience that's being delivered? In some ways, even though consumers are still choosing a bank, we're actually a little bit intermediated from that relationship through the technology. It's more important than ever to harness the data and that technology to really deeply engage high-value households.

Gen Z is an emerging segment, very powerful. They rely on financial institutions for advice, and we're seeing a trend now where more and more institutions are using artificial intelligence and machine learning to help deliver a very personalized and relevant experience through the technology. Next slide, please. It's a stride to talk about FinTech and technology changing our industry where we're so deeply into that that if you haven't noticed that, you're probably not actually in banking anymore.

Our competition, we name a couple here, PayPal, SoFi, Amazon, but as soon as you mention any one competitor, there are literally hundreds of others that are all aiming to deliver an experience that ultimately captures the consumers' attention, and in some ways, either overtly or indirectly mediates the bank from that relationship. One of our challenges is that consumers are really the drivers now and they have an expectation of the ability to push a button and see everything happen in real time, whether that's opening an account, seeing a transaction pull through, getting any answer to a question, whatever.

We are really in an unprecedented time where, not only are we expected to respond in milliseconds but also to deliver our services with a tremendous focus on transparency, and bringing new and innovative value propositions to consumers. I would tell you that the emphasis remains on saving and preparing for the unexpected. It is a tremendous opportunity for the industry and a real consumer need. At the same time, there have been some very dramatic shifts in consumer attitudes towards debt. The rising rate environment that we've been in briefly I think has really changed expectations around rate. It reawakened interest in deposit rates.

Sorry, no pun intended at there, but it's just enough and just long enough to make folks start thinking about what is the return they're getting on their savings now and start looking a little bit more aggressively for the best rates. This is happening at the same time as we have a challenge to change our focus from product features and rates actually building consumer trust. In some, the way they'll address all of these challenges because they exist in different levels with different consumers is to adopt a marketing strategy to a segment of one. Next slide, please. Carrie?

Carrie: Can you hear me? Sorry.

Geoff: Yes, here we are.

Carrie: Okay, great. In regards to what does this mean when we start to think about all of these industry trends and let's boil that down to the consumer. We thought we would cover all of these consumer generations that we're dealing with inside the financial services industry. Starting with the millennials and what are they looking for, what are they looking at, how shall be marketing at them. He's just mentioned moving to that segment of one, I'll cover that here in a minute, but moving to that segment of one and being able to talk to each one of these generations and groups based on their expectations and how it's very different among each generational attributes is really important for the future.

With thought we'd cover some trends that we're seeing in each one of the generations that we're focused on here from Gen X Millennials and Gen Z, and getting the timeline straight on all of these generations is always a task. I thought I'd prefix by saying Gen X is really at the age range where birth year is from 1965 up till 1981, so today, that would be an age range between 38 to 54. The millennial group comes next after that, 1982 to 2001, so the age range 18 to 37-year-olds. In this group, we've actually moved it up just a little bit into the age of 23 to move out students in terms of specifically how students are operating a little bit differently to focus on ages 23 to 38 for the millennial consumer.

Then for Gen Z, obviously, 2001 to the present. We're looking at the differences in not just how they operate within banking, but as a consumer, what are they used to seeing and feeling in terms of their experience, their buying experience. That's what we're going to focus on. The millennial consumer, all of the bars regarding financial services marketing is always about the millennial and it isn't even just about the marketing, but what technology are they using. This is a group, obviously, you can see has tremendous purchasing power to under, 200 billion in purchasing power, but they're very money conscious.

The timing that they were raised through the recession in 2008 still continues to make them money conscious seeing what a lot of their families have gone through during that time. However, 73% do use banks issued credit cards today, 70% feel homeownership is important, and 70% feel their financial institution should help them reach their goals. This is the interesting thing that we're starting to see with these younger generations is although they like the touchpoint of a more digital society, they also want information and they want to be educated. The way that they're marketed too really needs to be in terms of how are you going to educate me versus selling to me?

We'll talk about that here in a minute.

The other interesting thing about this group is the extraordinary transfer of wealth in excess of 30 trillion coming in the next 20 years, which is really being attributed to the baby boomers and how they'll be transferring wealth over time. Now, looking at the emerging and powerful Generation Z born after 1997, post-recession economy, purchasing power under. Obviously, what you're seeing coming out of the millennials, but still very significant. Again, we're seeing this group be very money conscious as they're starting to emerge into adulthood and getting into their own financing, and not relying as much on their parental substance behind them.

They're really are becoming much more money conscious and how do I manage my funds. 75% have a checking account. That's a really interesting statistic. I would be interested, we haven't looked into this, but I would be interested to see how many of them actually refer to that as being a checking account versus a debit card. How much is on my card? I have kids. In this generation, and they will say, "How much is on my card?" and so understanding what's behind the scenes is a totally different topic, but they are utilizing checking account. Probably a lot of that being attributed to direct deposits and movement of money back and forth.

This is another interesting statistic that 80% want to be homeowners and they want to do it by a young age, which really leads to the comments that Geoff was making earlier in the industry about how we use education and savings as an early tool to talk to these folks and educate them on how they can accomplish their goals. 48% have a finance app on their phones and it's been increasingly interesting as I interact with this age group and see that they care about the experience. They expect the experience on a finance app to be as easy for them as YouTube or Instagram or Snapchat or anything else where it needs to make sense, it needs to be quick, and they notice when it isn't.

Even if they aren't as savvy in the finance perspective, they are savvy in the technology and their expectations of how they want to utilize the technology. Then 42% are excited about using tech giants for their financial services. I think that a lot of that is built in exactly what I just said that the exciting technology piece of it for them is as important, what are the new features that I can do? Whether that be for my financial services or how I manage my healthcare or whatever it is, these folks were born into an age of where technology really drives everything that they do and they can't imagine a world without it.

The tech savviness is what becomes really interesting and that shift to acquiring accounts and acquiring new households in these generations really is where the challenge starts to come that the larger institutions have an advantage in their ability to acquire what the technology resources that they have. It behooves all financial institutions to stay on top of these trends for sure. The interesting thing and you can advance the slide, the interesting thing about Gen Z is really that most of the industry buzz is around the millennials.

You'll hear Syntax, you'll hear a lot of marketing companies talking about how to acquire millennials and we are certainly in that camp as well, but we also feel like we really need to paying attention at this point to Generation Z and starting to adapt marketing efforts. These folks are starting to graduate and get into the world and how you're acquiring student accounts that they're still in that realm. By becoming a trusted source for financial advice, again, all the research that we come across shows that, while they want to do their technology and do their transaction level stuff on their phones, on their computers, they really are looking for humans and educational advise.

That's the number one thing at showing Gen Z a little more attribution to how they are interacting. Also, offer multi-channel banking especially digital, but that's an obvious one, but provide a feature-rich mobile app offering. This has been an interesting dynamic over time. As bankers and folks in the financial industry, we tend to say, well, these are very complex things that we do, and so utilizing a phone isn't really conducive to the work, and when you really rise up and say, "It needs to be conducive to mobile because this is the way everyone is interacting."

I've had a lot of actual personal experience when I worked in the banking industry direct on if your mobile experience isn't what you need it to be in the way that you're marketing, you end up with a lot of empty carts, if you will, or abandoned cart rates, high abandoned cart rates because that's how they're transacting. That's going to include things beyond just a mobile app. It's got to include on-demand responses to questions. This has been an interesting topic that we've been delving down into at the future of voice search and the ability to be able to say, "Siri, check my account balance."

The intelligence that's going to be needed for your website search or your mobile apps ability to search and understand instead of being able to translate a word like mortgage into home loan into home lending or any of those topics. That's going to be one that I think in the financial services industry is going to become a hot topic pretty quickly. Chatbot is another, that personal interaction without actually talking to someone, and then voice assistance, as I mentioned, with Siri and other types of help me do this. Then real-time chats with financial advisors, so how do I get the education and guidance that I need in the immediacy that I'm expected in the consumer-driven world that I'm in today.

The power of data-driven marketing can be a scary topic as you start to look at the massiveness of what's going on with data-driven, and what does data-driven even mean. In these next couple of slides, what I want to do is really just boil this down into a more digestible topic so that we can start to understand what's really happening with marketing, and how data and intelligence is changing the landscape for all of us. Customer intelligence, obviously, is going to be the most important predictor of revenue growth and profitability. Our ability to understand the customer inside the financial institution and outside the financial institution is becoming paramount.

Our ability, not to only know what products they have with us, how they're using those products but also what are those leading signals that indicate that they might be ready to buy from us. There's an entire world out there of signals and triggers that really give us that data and insight that can help us to be much better acquirers, and influencers on where financial services are purchased and how they're purchased. 49% of marketers use data to enhance the customer experience.

This is a really interesting thing, especially outside of the financial services industry when you look at how every experience we have, whether it's in social media, on Amazon or even a Home Depot website, the ability to read what I'm doing, and know what I'm looking at, and know what I'm interested in right now, and then provide me with products and services that are meeting the needs for me right now is becoming just the way consumers expect it to be. That's not going to be any different for what they expect from their financial institution. I would argue that they would actually expect it more because they know that we have a wealth of information on them.

Of course, they're not understanding the complexities of how data is organized in our institutions and that it's not quite easy to get to that data, yet they still expect it. It's something definitely we need to be keeping an eye on and being in front of. 63% of marketers have increased their spending on data-driven marketing. We'll talk about that in a minute on the reasons why, but it really is important that we understand the consumer because it's just the way the world is working today. 20% of marketers spend goes on data-driven advertising campaigns. This is an interesting topic again.

I'll cover this here in a minute, but how do I really use data to utilize prospecting, and then broader advertising for, not just prospects but reaching my customers as they may be shopping for something that I already offer. Geoff and I have conversations a lot about why the financial institution that I bank with today isn't always top of mind awareness for me. Consumers today don't assume the loyalty isn't as strong that I've always banked at ABC Bank, and so I might as well go there to check because they're inundated with information, and they can do that in the privacy of their homes. I suspect we'll see that number continue to move up.

Then 88% of marketers use third-party data providers. This could be everything from credit bureau data, DMP information, and all of those types of triggers that are out in the market to help us understand the consumer, not just inside our financial institution but externally. I do think that that's a strong number and I think it is that important. I think that signals how important the use of third-party data to understand what our consumers are doing outside of our institutions is. What does all this mean? Go ahead and click across the slides here. What we have is really the evolution of targeting.

Back in the earlier days and looking at mass media, things like billboards, and television, and newspaper advertising. Actually, click back one. Yes, there we go. When you start to think about what technology we had available that led to what's called Blanket targeting where I take an entire demographic and I'm going to saturate that entire demographic with my message whatever my message is. In the '80s or '90s, we didn't have all of this data and information and other ways to educate our consumers. We were blanketing all of the mass media and hoping that we were speaking to a portion of that audience, and getting a response rate that was appropriate.

Over time as we have started to get intelligent on who is responding on those broader more blanket type of marketing approaches, we utilize that information as a whole in the industry of marketing to say, "Okay, now I'm starting to understand who my buyer is" regardless of if it's a pair of shoes or if it's a mortgage or if it's a new car. You can start to understand as your brand who I'm I attracting and how do I get more folks like that. That really moved us into a time where we were able to utilize data and information to create look-alike groups where someone looks like Carrie Stapp from a demographic, and a geography, and the interest that I have.

Now I'm going to be able to target those folks that I think are most likely to respond to me and that was really about eliminating costs in marketing. I can be just as effective but spend less and that was really the emergence of a return on marketing investment measurement where am I getting more efficient with my marketing dollars? What we've got now is really this audience of one so technology and all of the consumer information that we have we know credit scores, we know things that they're shopping for. We have the ability to see what consumers are doing on their mobile phones and websites that they're visiting.

That really has led to all of that data and intelligence being shoved into more of an audience of one where consumers are much more expectant of, well, you should be able to talk to me about the products that are important to me. Internally at Harland Clarke, I've told this story when I was working in the bank. I had a younger graphic designer on my team and we were talking about social media and we were talking about marketing. She, at this point in time, was very interested in a certain brand of ice cream that was marketed as healthy ice cream. She was annoyed that this particular brand of ice cream kept showing up all over her feed both in Twitter, Instagram as well as Facebook.

She's like, "I already buy this every time I go to the grocery store, why don't they know that and not be marketing to me?" That was a real eye-opener for me, that happened about three years ago and that was such an eye-opener for me into what the consumers now expect. The audacity that we have as consumers to expect that a company that's serving me knows that I'm not only buying their ice cream, but I'm already loyal, and I don't need to spend my money on them. That's now the expectation, why don't they know? When we talk about financial services, I think that that's even more important. I paid off my mortgage, I paid off my car, why don't they know I did these things?

Why aren't they telling me about what I should be doing with that money that I'm saving? Or I just graduated from college, why isn't my financial institution telling me what I need to be doing next? I think we're going to see the emergence of this, not just in financial services but in health care and all across the industry spectrum because this is the way the consumers are going. That really lives us from the financial experience when I'm leading into financial services to think about how the customer buys financial services. This is something that-- You can go ahead and click all the way across. Yes, great, thank you.

In the customer buying journey and at Harland, we've been studying this quite a bit where we were able to capture in that buying phase and certainly in the retaining phase, but what does it mean in the shopping phase? What I'm I shopping for before I buy financial services? There's a lot of leading triggers. We can see credit hits, we can see immediate things that are lower in that funnel, in that buying funnel that know that we're ready to buy. That's where the industry has been pretty good at picking up those triggers, but this early stage shopping when I'm actually just shopping, what is it I'm shopping for?

Am I actually shopping for CD rates? Am I actually shopping for mortgages or auto loans or can it start all the way up where I actually start to shop for a car, I actually start to shop for a home? Lifting up one level away from "I'm ready to buy" and into "Actually, I'm shopping for things that are signals that I'm going to need a financial product," is really becoming so very important in financial services to get ahead of that game.

That's where we’ll start to talk about which measurements make sense along the spectrum because it starts to mess with that traditional return on marketing investment or a number of new accounts that I'm getting because you're catching them earlier in the intent phase, so we'll talk about that in a minute. This is really that buying journey, they shop, they buy, then they get engaged, and then they move into retaining. All along that entire customer buying journey, it becomes a continuum. The challenge that that creates for financial services is that it really becomes an always-on marketing approach.

How am I always talking to, not just these customers that I acquired in the shopping and in the buying phase but am I doing a great job at engaging them? Then putting the products that they're interested in, not just what they look like they could be interested in but what they're actually interested in to get them to rebuy. It becomes this one-to-one personalized journey versus list-based marketing campaign acquisition. That's a big transformation when you really stop to think about how that transforms what, probably everyone on this call, does for a living. That I'm pulling a list of look-alikes, then I'm sending targeted lists, and all of those things are still really relevant.

This movement into this one-to-one always on, how do I know that my financial institution knows what I'm doing from the consumers perspective becomes really important. How do we identify customers earlier in the journey? This is something we've also been studying here at Harland Clarke. Consumers go, regardless of what they're buying, go through this what's called the learning phase, into the research phase, and into the ready to buy phase. Our ability to capture them higher up in this funnel means different things for the way that we're going to in the future of need to understand what our marketing is driving for us in terms of return.

Because it's not that I send out this direct mail piece, and then I had 84 responders that opened up 42 checking accounts. It really is about what's happening higher up here in can I capture them. Does that lead to a better rate? I'm not competing on price. More education so they trust me more, I get higher brand equity. These are all things that are becoming so important to an acquisition strategy of where are you entering from your financial institution into the communication strategy to acquire the new household? Is it in the learning phase? Is it in the research phase? Is it in the ready to buy phase? What is your competition doing? Where are they entering?

What's competitive in your market? That's one piece along the spectrum that I would tell you to really start to understand and learn and know how your competitors are doing it, and how do I need to be doing it. Then how would I measure that along the way? Let's trace the consumer path quickly into following the way that someone today shops. We've actually condensed this down into a single day just for purposes of the conversation, but Tracing Angela. Angela wants to remodel her home, she wants to update floors, windows, and doors.

I can actually tell you I'm in this myself, I'm in the midst of a remodeling project, and this is exactly what I have done in my remodeling project.

From the financial services perspective, the fact that Angela wants to remodel, why is that important to us? Because Angela needs to finance that, so that's an opportunity for us to acquire her if she is not a current customer or to make sure we retain and keep her engaged with our brand. Which is, again, also acquisition of new accounts. When you start to think about now how the consumer buys along that buying Journey, they start by viewing home decor sites such as Pinterest and they start doing visualization. What do I want it to look like?

Then they visit popular websites for home improvement, Home Depot or Lowe's or whatever the popular stores are, and start to compare what's actually out there and how can I do it myself? I can take this Pinterest board and turn it into something, but before they just buy right there online, they'll physically drive to the store, touch and feel the product. This may not be the case for clothes, but for something that's a bigger purchase that requires financing, of course, these are things that they're doing. Does the texture match? Does the color match?

A lot of times they go right back home, and they felt it, and then they end up purchasing online. Our ability in the financial services industry to utilize this as third-party data, and understand all of this, at what point along Angela's path here do we want to be getting in front of her and saying, "We can help you finance that home remodeling project"? That's the important piece of it, that lifting up out of Angela's way to buy. Do we recapture her into, "Hey, there's some intent going on here" and how do I get in front of her in my brand? Then how do I measure success at that?"

It really is revolutionizing to understand that consumer journey and start to map out that journey and talk to Angela in the way that's meaningful to her. How do we build a successful acquisition strategy? Geoff, I've talked long enough, I'm going to turn that over to you.

Geoff: Thanks, so let's get down to brass tacks and talk about how do you actually do this now? The first thing you have to assess is are you offering a world-class customer experience? I would tell you that there is no marketing strategy, no offer you can come up with, nothing that you can do from a pure marketing perspective that will overcome a poor customer experience in the long run. You might win a few new customers for a bit, but you are not going to hang onto them, and therefore, you're not going to get the benefit of your efforts.

The next thing is to start thinking about acquisition as a strategy and not a program. We hear too many clients talk about "We're going to run this acquisition campaign." I'm sorry, but you're destined to fail with an acquisition campaign. Acquisition is something that you must always be in market, you always need to be identifying your next opportunity, it is not a static time-based event. You must be out and be present all of the time in order to do this, and you have to really think about it from that perspective. There's not an acquisition season any longer, there's not a four-week campaign that's going to get you to where you want to be, it's a strategy.

Then the next part is to actually harness the data to find and target high-value customers and to promote loans across your entire portfolio. Now, this may sound a little bit counterintuitive when we're talking about household acquisition and deposit growth for example, but if you think about it, your customers, whether they're brand new or existing at some point, they're in the market for a loan. The very first thing that happens if you don't make them the loan and someone else does is that there's an attempt to win the entire relationship from that customer on the basis of the loan.

Whether you think about lending as an acquisition strategy or whether you're thinking about it defensively, that needs to be part of your portfolio management and always on as well. Obviously, the cycle is that you acquire the new deposit accounts, you fund the loans, and you keep this machine running to continue funding your acquisition strategy. We think that it's really important to do very targeted household acquisition in order to sustain that success. Then finally, I think in some ways, the most important aspect of this is great, so now you've brought a new prospect to the door. How are you going to engage with them and keep them?

Most of our clients have a challenge with early attrition or in some cases, we call it early ghosting. They haven't closed the account, but they also have an activated it and engaged fully. Your acquisition costs for a new household these days can easily run between, say, $400 and $700 per. What are you doing to make sure that that wasn't a waste of money and actually get that household fully engaged? The next slide.

Geoff Thomas: Part of the challenge here is making sure that you are aligning your acquisition strategy with the institution goals. You need to be clear on what those goals are and focus on what is going to create the greatest value in the households that you're acquiring. For some of you, it may be that you're looking for very active transaction accounts. You are looking for core funding. You want the checking account, maybe the savings that goes with it, and so your strategy is very focused on the operating account.

Others may be looking for high net worth households that are a different value that can fund a lending program more aggressively. It's important to identify what it is your strategy, your acquisition strategy needs to be to align with the goal of the institution. Then within that, identify who currently your most profitable customers are. Make sure you understand what their characteristics are. Develop the ability to go after those households that look like those.

Then actually the challenge is as we've talked about, is making that communication and making that interaction now very personalized, so that you're using the information that's available to you to make it meaningful to the individual that you're communicating with.

You've done all this work to put together an audience that looks like what you want, but now within that audience, you have to go and communicate at an individual level to make the right offer to the right person at the right time. On the next slide, I think the availability now of information lets you get out ahead of some of the noise. As Carrie talked about when you think about the funnel and the consumer decision process.

You now can be in front of someone that's exhibiting signs of interest, and you can be there, not necessarily with the specific offer let's say, but with an understanding of your institution. You can be there before and during that research process, and that makes the value of your acquisitions significantly more effective when you actually get to it. Now, some of the folks that you've touched that way will respond before you actually mail them an offer.

As a result, you might see some of your direct response go down a tiny bit, but you're actually going to get more out of it overall. The reason this is important is that it takes approximately 18 online messages before a consumer has made a purchasing decision. You have to ask yourself the question, "Are you there in any of those 18? All of those 18? How many do you need to be in order to win that in the end?"

Communicating in the channel that is appropriate to your prospect is really important. There are some interesting differences in response rates and I would tell you that the best programs are always the ones that are omnichannel, and go across digital email, phone, and direct mail. An interesting statistic is that there was a recent study that showed that direct mail actually had a 31% higher brand recall over digital.

Now, it's a different cost structure. It's appropriateness is different. You really need to think about when you're getting to that audience of one, what is going to be the most appropriate way to communicate. Then measure in order to be sure that the next iteration of your strategy continues to build on the results and the insight that you've garnered from each of your iterations. Carrie, back to you on the next slide.

Carrie Stapp: Thanks, Geoff. The whole topic of personalization is top of mind awareness for every marketer out there. How personalized does it need to be? I really think it's going to be important in the industry depending on where you are in the spectrum of acquisition and getting to personalization is don't be afraid to take a crawl, walk, run approach. We'll give some statistics here that consumers are expecting things to be personalized.

83% of marketers that use personalization exceed their revenue goals. There's a lot of signals in there in terms of maybe those reasons why. Is it just because they were able to put Carrie on there, or is it because it's actually feeding the right message at the right time to me? I think that it's probably the latter, but I do think that just even stepping in, and adding some personalization, even if it is the right images to the right demographics.

Being really cognizant of that, I think those are all things that can start to lead in a crawl, walk, run approach to getting to a personalized approach, if you're not in an institution that has the sophistication to be all full blown personalization. Personalization also drives a significant increase in ROY from the data driven perspective. Again, the more that we can get to understanding our customers, the higher our ROY becomes.

I do think along that way, we'll be seeing new metrics coming out beyond the ones that will be utilized in the poll earlier. 89% of consumers are more likely to do business after a personalized experience. This really starts to attribute back to feeling they're known and feeling like they've been educated based on something that is relevant to them at the time.

The likelihood of doing businesses is personalization driven by a really good customer experience that allows its consumer to feel as if they're the only consumer that you're dealing with and how they know me, so step back. Oftentimes as marketers, we don't step back and take a look at what is the entire experience. Even if it's not highly personalized, the ability to make it feel personalized is still really relevant.

73% of consumers expect to be recognized as a preferred customer. This becomes an interesting thing and I'm a frequent flyer and, frequent to Marriott and there is a difference when I know that they know me, when they thank me for being a loyal flyer. It's just that they know it gives that feeling that, "I matter to them and that I know."

Any way that you can incorporate that into the marketing of your existing customers, or that they're highly qualified as a prospect, I think is going to be a really important attribute that you can add to your marketing, that's going to help drive some lift. 33% of consumers leave due to a lack of personalization. I think that that is going to become even more and more important in financial services as we expect to be known.

As a financial institution, I've paid off my mortgage and no one noticed. That can be a problem. It makes me feel I'm just a number. How do I deploy that? Not just in my acquisition marketing but across my entire communication stream. Then 45% of potential customers abandoned overwhelming websites.

This is going to be definitely a topic that gets interesting over the next couple of years is, what is the makeup of a goodwill website, and the ability to really capture the customer that as we get more into more intelligent search functions and, "I want instant answers right now?"

How are financial services websites going to keep up with what's happening in the industry? How do we go away from more of a verticalized type of website into instant messaging? How do I find what I need right away, even though I don't know the exact search term? I think that there's going to be a lot of communication here around your websites and how we get to a better experience that brings it to more personalization as well.

A few top personalization techniques for the consumer and just some statistics. This is actually from EverFi, 82% want personalized web customer journey, so web optimization. Again, that leads back to the conversation I was just having. and not only are our financial. Not only are our financial institution websites built in a structure that **[00:50:04]** you're very difficult, but it's going to make it harder long term to actually create a web optimization with a hierarchy or needing to use a navigation tool to find your way through a website. To go from personal checking, then I'm going to pick my checking, then I'm going to get to my fees. How do we make that much more instantaneous and intentional in terms of giving a good personalized web optimization journey?

81% prefer relevant advertising so going back to the slide where I was showing you that evolution of targeting. Knowing when your brand needs the blanket approach if I'm new to a market. Your advertising is relevant to everybody because you want everybody to really know you. There are a time and a place for each one of those along the spectrum. It's relevant, but moving it along that journey into, "Now, I'm someone that needs to be acquired, I'm ready for a financial service."

Making that advertising relevant to me, obviously you see the importance there in the statistics. Then 80% percent welcome needs-based product recommendations, so when you think about this from a customer onboarding and beyond. Deepening the relationship, how well do we know the needs of our existing customers and are able to serve that based on the information that we have? 80% want that to happen and so we need to up our game in the financial services industry.

Then consumer perception, banking versus online and retail. It's somewhat telling here when you see that the results of this show 59% say that financial institutions provide a personalized experience somewhat well compared to 81% of online retailers. When you think about that from the consumer's perspective and think about, "What if my online retailer know about me? versus, "What my financial institution knows about me?"

Logic should tell us that that should be inverse but it's just not. Number one, we use our data in ways that are designed to be for data processing and we value privacy. I think that there's a potential here that we're overvaluing privacy and we're making assumptions on the value of privacy on my data. That's not to say that we want to put any data in jeopardy of not being private, but in utilizing signals to understand what the customer needs.

If that provides value to me as the consumer, I'm completely fine with you knowing where I'm shopping online as long as it provides value to me at the end of the day. I think that's a hump that we need to get over in the banking industry at understanding. That if what I'm doing is driving value, it offers the opportunity for us to utilize the data in a way that isn't perceived as "creepy" just because it's their financial services. Geoff, actually, that was--

Geoff: Certainly, folks are sharing more information than ever online and without thinking about what it's implications are. One of the pieces of data that is really useful and takes your marketing to a whole other level is the use of location data. A mobile device provides it's current position in space at the time that you're on it interacting with a variety of different websites. What that does is that it tells you an awful lot about the owner of that device.

Where they're going, what they've done, where they stop, where their circle of life is. You can use that in a number if ways that help put some boundaries and some usefulness on all of the other data that's available out there. In some ways, we suffer from having too much information that need ways to narrow the focus of what's going to be relevant to us. Location data is something that mobile users have willingly given up in the apps that they choose to use and in the sites that they visit.

It can be extremely powerful in actually helping you get to relationships that will dramatically change the bottom line and can be used in support of a variety of other models. You really have to begin to think about whether or not you're taking advantage of location-based data, whether you have access to it. Even down to how you're managing information about your own locations in the process.

I want to give you just a couple of thoughts on the best practices for acquiring these households in summary. We've talked about an awful lot over the last 45 minutes or so. What I'm going to tell you is that the best practice is to be present. You must be present where your prospect is, and you must be present there much more than you think. We have this conversation a lot and a lot of our clients say, "Well, we are the bank, why don't we get first at that?"

We give a good experience, we do whatever, and our first questions were, "Are you present in search?" "Well, no we're not." Well, if you're not there when the consumer starts to look, then you almost don't exist. I know that's a bitter pill to swallow, but that's the reality. The experience starts online and if you're not present when the consumer starts that experience, you're not relevant.

You can be discounted because of the experience you've delivered, but you cannot overcome your absence. Then the next part of it is making sure that you have a segment of one or an audience of one messaging strategy that is based on the data. Then using the personalization techniques beyond simple variable data printing to make sure that you're delivering a very relevant personalized message in every one of those channels. We've talked about the need for this always-on strategy.

There's not a schedule any longer that you can rely on for acquisition. You must be present a great deal of the time, if not all of the time. Then of course, there's still the need to offer high-value incentives for new account openings, but to really think about making those relevant. Actually turning it from a simple cash offer for example into something that is more relevant based on what you know about what that prospect has been doing online for example.

We have just a minute or two left. We do have one quick case study. Carrie, you want to hit that real quick?

Carrie: Sure. I will do that quickly because we do have a couple of questions that we'll try to get to and address individually here in a second. We were working at Harland Clarke with a regional financial institution you can see here 19 billion in assets and they needed to increase their core deposits in cross-sell technology-driven solutions. What we did for them was to create a highly targeted personalized marketing piece.

We did include $150 dollar incentive, we did some work in the industry for the competitor information on where they needed to put that incentive to help with that. What we were targeting here was really the growth, but we saw amazing results with our targeting in terms of how we were able to generate response rate for both Gen X and Gen Y.

This was over a period of 54 days when we did the first look back and generated $38 million in new balances across both deposits and loan households, and developed that 334% return on marketing investment. The interesting thing here was that the response rate overall was over 3% at 3.35%, but we saw a response rate of Gen X and Gen Y at two times the rate of the older demographic. We wanted to use this as a case study on two realms.

Number one, our ability to target, the ability to really target and understand the consumer and who we were going after was really important here. Utilizing that data-driven technology to understand who the target audience was, that was number one. Number two, the interesting thing about this one it was highly direct mail related because of the efficiency that we needed to reach the market. It provides an interesting perspective in a highly direct mail campaign. It provides an interesting perspective that in a highly direct mail driven campaign, we still saw results of Gen X and Gen Y be two times that of the older generation. Which is a little counterintuitive to what a lot of us think the response rate should be on a print solution versus digital acquiring. We thought that was really interesting. Over time, what we've been able to see is a lot of movement here in targeted checking accounts for this individual customer by utilizing data-driven, highly personalized, saturation type of mailing.

The mailing itself was able to be very efficient in terms of expense because it was a saturation mailing, but we were able to deploy variable data so that each individual demographic with inside of the greater audience that we chose saw personalized information in terms of demographic and photos and-- what's the word I'm looking for Goeff?

Geoff: Messaging.

Carrie: Messaging. To really target the audience, so it was such an interesting case study for us to see what personalization did in a venue in direct mail that we weren't expecting to see the results. It was such a good test for us in terms of what personalization did, what targeting did, and kept our ability to keep the efficiency ratio of how we were measuring the results really low while still generating tremendous results.

This was a quick example we wanted to show you for the case study on a program we call Acquisition Accelerator but the combination of utilizing, targeting, as well as personalization even in a print driven solution is highly effective in these demographics, so it's really important. We are three minutes over, Geoff. We do have a couple of questions, I don't know if you want to address those or?

Geoff: Amber, it's a question for you. Are we able to continue?

Amber: Of course. As long as people are still on. Yes, let's go ahead and go for it.

Geoff: Okay.

Carrie: Geoff, the first question is back to when we were talking about the use of debit cards and checking accounts. How would you talk about a bank card account? How would you market a bank card account?

Geoff: I think it really depends on the segment that you're talking to. For many of the folks that are best prospects these, days Gen X and particularly Gen Z, money comes on cards and it does not-- a checking account is meaningless. It's important to talk about it from the standpoint of what is it that the consumer is trying to do? Is it the account you pay your bills with? Is it the way you buy things in a store? Is it the way you pay your friends? Is it the way that you pay your rent?

Those kinds of things are much more important than the old nomenclature of checking, savings, et cetera. People have basically five needs all the time. They need to transact, they need to save, they need to borrow, they need to invest, and they need to protect themselves. When you think about it from a customer perspective, I would say take the needs-based approach always and you'll never run afoul.

Carrie: Geoff, one last question. How should an institution deal with opt in or opt out decisions when considering an acquisitions strategy? Does one option affect the degree of the

success over the other?

Geoff: Opting out is something that your customers have done. In some ways, that's actually shown that your communication to them has not been relevant, has not been valuable, but they are responsive. I would say that it's given you a strong signal and you need to be very conscious about what you're doing with it as a result. In terms of folks that have opted out of credit offers, I think the same thing.

It means that they've been inundated probably with things that were not relevant and you need to think about reaching them in other ways that are perhaps not preapproved, but actually get to them in the digital realm through digital display, or other forms of digital communication that are going to get you past that huddle. Do you want to add to that?

Amber: No. I think that's exactly right.

Carrie: Well, Amber I think that that's all we have time for. Amber, if you want to wrap it up.

Amber: Yes. Thank you guys so much. That was really just so great. So much great information. Thank you so much again to Geoff and Carrie from Harland Clarke for joining us today. We look forward to seeing you again on another webinar from The Financial Brand. We hope you guys have a great rest of your day and the rest of your week. Bye, Bye.