



Marketing Strategies That Make a Difference: **Turn High-Impact Mergers & Acquisitions Into High-Value Experiences**

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Sponsored By: **VERICAST.**

/ Today's Presenters



Sheila Easley

Director, Strategy & Process Support
sheila.easley@vericast.com

An aerial photograph of a large, open plaza with a light-colored tiled floor. A network of thin, dark lines connects various groups of people scattered across the plaza, creating a complex web of connections. The lines radiate from a central point, suggesting a network or data flow. The overall scene is bright and open, with people in various colors of clothing.

PARTNERING
TO UNCOVER
NEW PATHS
TO GROWTH

By bringing together years of history, experience and innovation, we can provide a wider array of marketing solutions and a depth of knowledge like no other — all from a single partner.

150+

That's how many years we've been partnering with clients

70,000+

Businesses big and small leverage our insights and technology to drive smarter decisions

120M+

That's how many households we connect our data to and engage with

/ What We'll Cover Today

- > Analyze the current M&A landscape and the forces that will impact where we are headed
- > Recognize top metrics to measure for a M&A
- > Explore four best practices to engage, satisfy and retain customers and members during an M&A



QUESTION

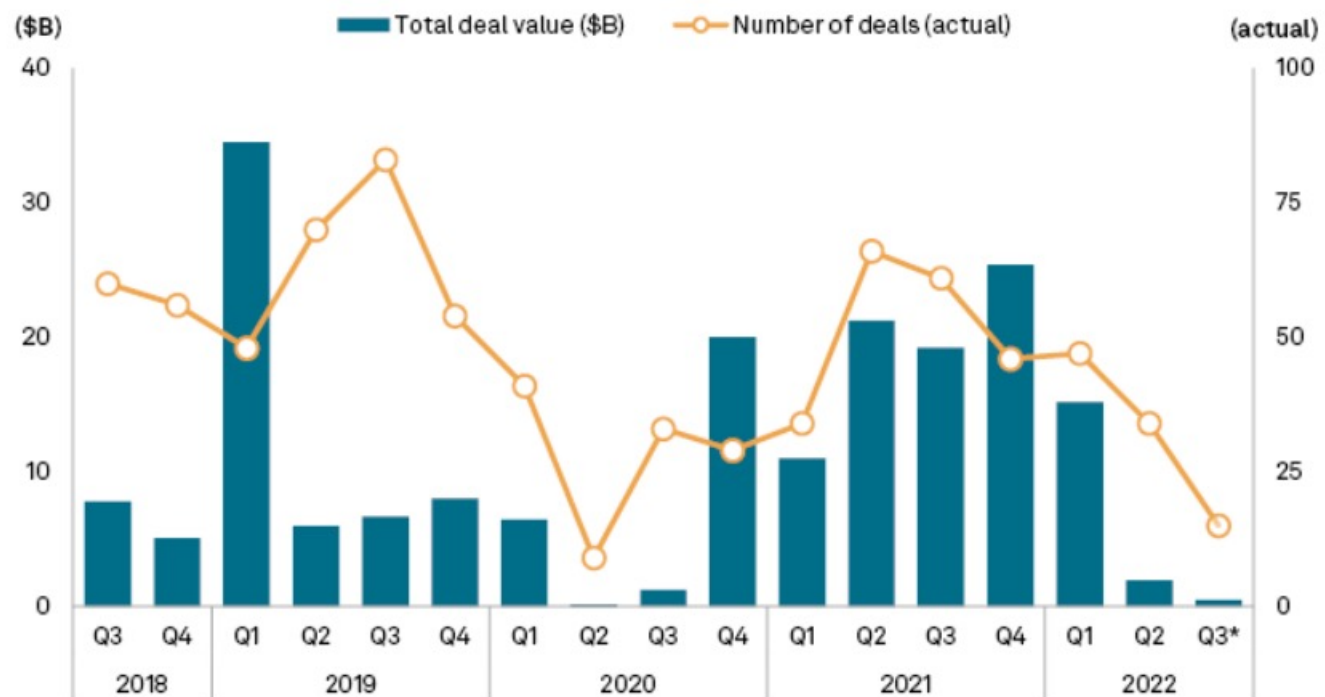
Are you part of planning an M&A or are you entertaining one?



/ Industry M&A Overview (Banks)

US bank deal statistics

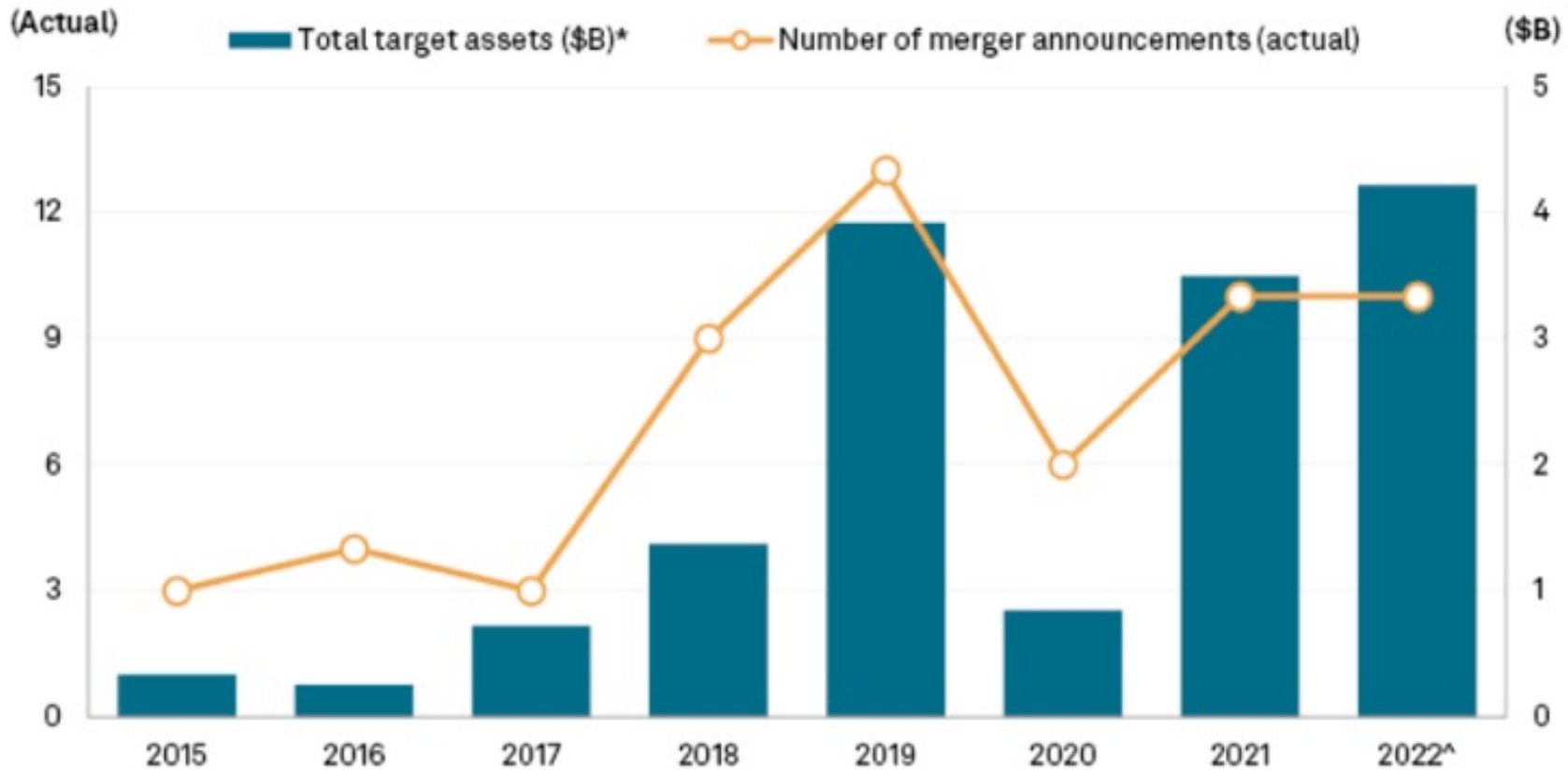
	H2'18	2019	2020	2021	YTD*
Number of deals (actual)	116	255	112	207	96
Total deal value (\$B)	12.88	55.15	27.84	76.89	17.58
Assets sold (\$B)	76.95	408.47	275.98	593.19	129.23
Deposits sold (\$B)	61.98	315.75	221.63	495.21	108.83
Median deal value-to-tangible common equity (%)	162.8	156.0	136.3	152.8	154.3



Source: S&P Global Market Intelligence, August 2022 *YTD through 7/31/22, deal value as of announcement date

/ Other M&A Trends

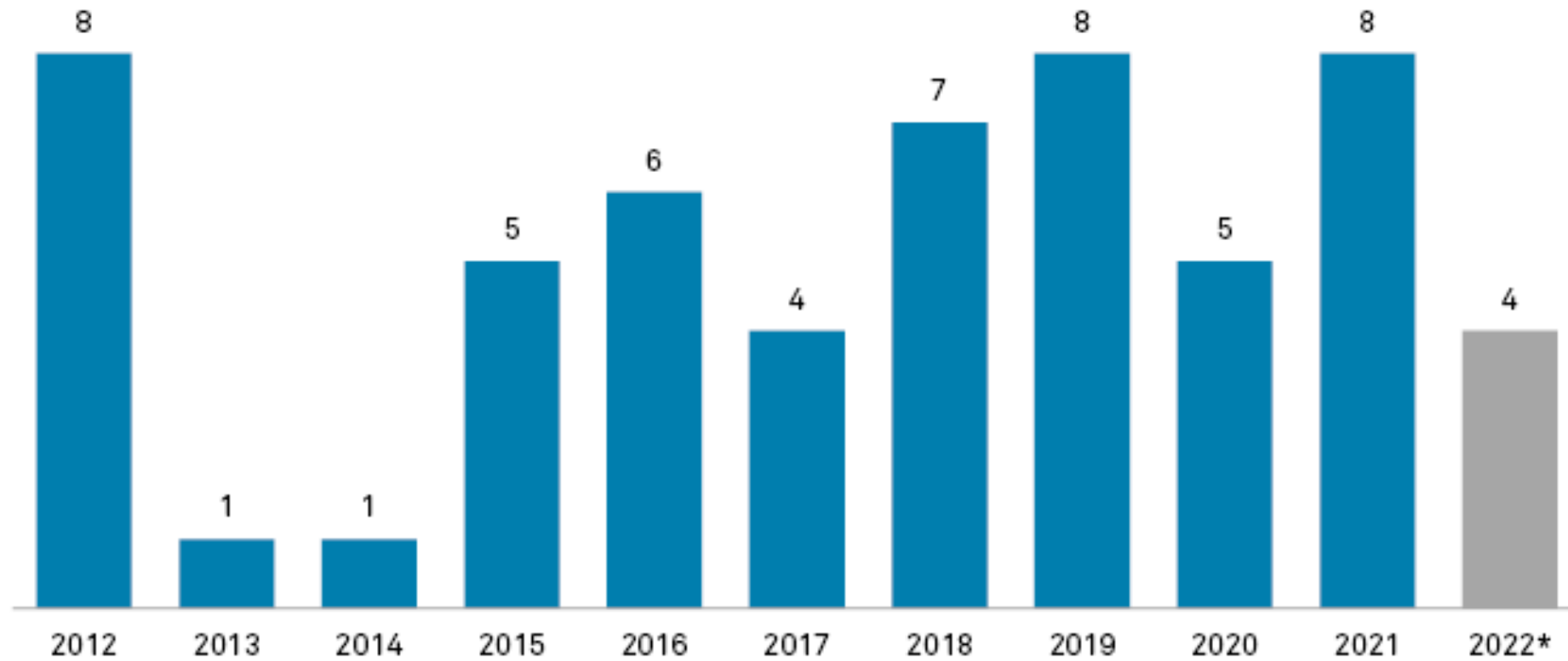
US credit union-bank M&A deals



Source: S&P Global Market Intelligence, August 2022 *YTD through 7/31/22, deal value as of announcement date

/ Other M&A Trends

Number of bank-fintech deals since 2012



Source: S&P Global Market Intelligence, March 2022, *YTD through 3/14/22

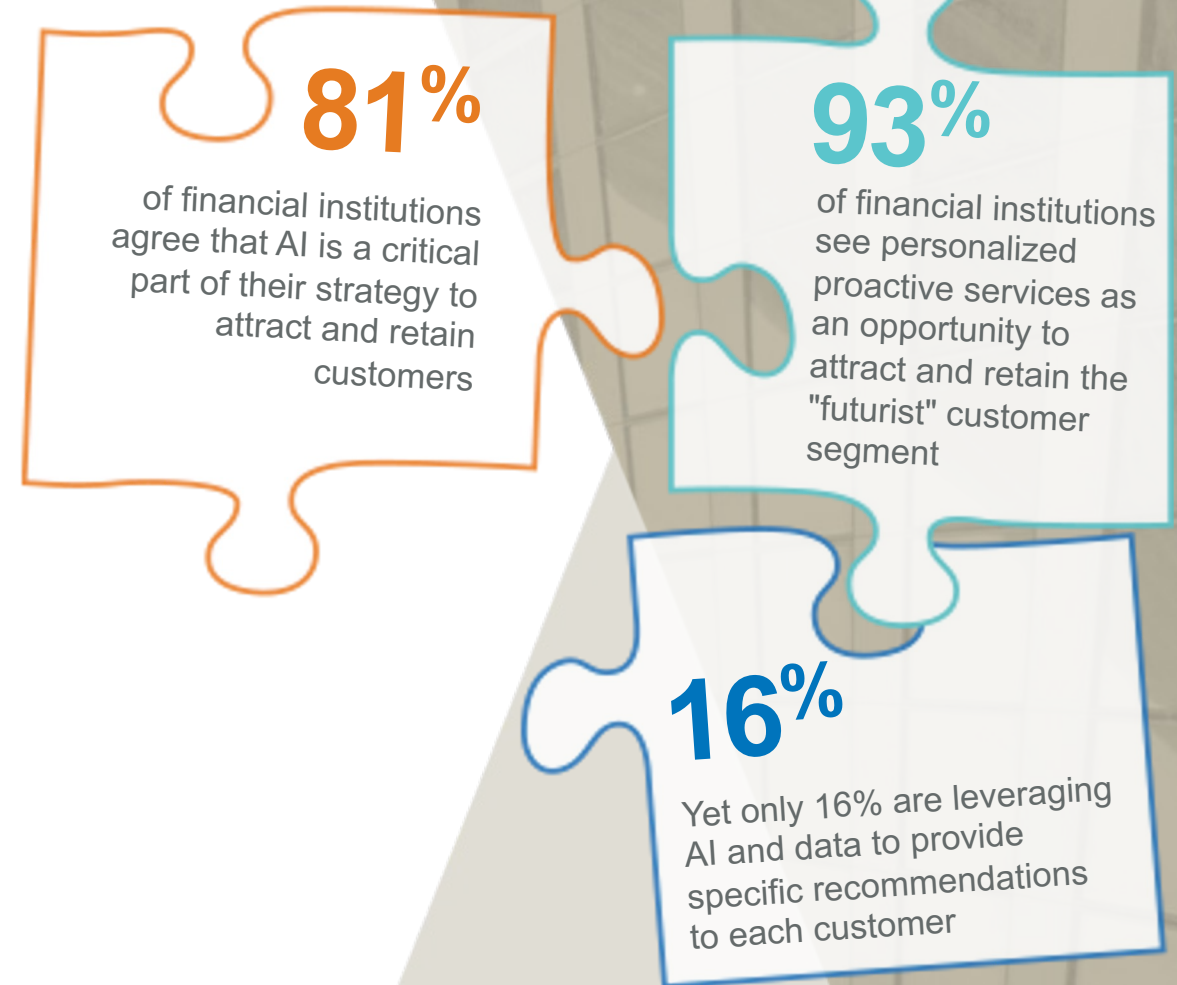
QUESTION

Do you think M&As will continue to increase at pre-pandemic rates, slow down or remain the same?



/ Forces That Will Shape the Future of Financial Institutions Surveyed

- > Inflation & economic trends
- > Pending regulation
- > Focus on Artificial Intelligence
- > Expectation of “Futurists”



Source: NTT DataGlobal Study, Feb 2021, <https://us.nttdata.com/en/engage/banking-on-ai>

/ Key Metrics to Measure During a M&A

Customer satisfaction & retention



Customer activity metrics



Employee satisfaction & retention



Most mergers and acquisitions will fail to harness the full potential of the customer/member base.

Why?

POOR CUSTOMER EXPERIENCE.

Mishandling the experience can completely undermine the value of a merger once promised.



A positive CX is the true measure of conversion success.

Every interaction that occurs before, during and after a change event is a moment of opportunity to not only stem attrition but build stronger relationships and position your brand for long-term success.



/ Customer Satisfaction & Attrition

Even the most vigilant of institutions can find themselves losing sight of their customer experience goals during an M&A. These events naturally stress relationships, test brand loyalty and disrupt established expectations and habits.

62%

of bank customers acquired by another bank said **would look for alternatives** once the deal is announced

47%

of bank customers acquired **would be skeptical of the new bank**

45%

of bank customers acquired by another bank **said they would not remain a customer**



Source: PcW, "Improving Customer Experience in M&A", 2019

/ What Customers Think When Financial Institutions Combine

47%

of customers surveyed feel they usually don't think about how they are affected

39%

of consumers feel they benefit from a M&A

90%

of consumers feel company leadership plays an important role in M&A success or failure



"Source: PcW, "Improving Customer Experience in M&A", 2019"

/ Net Promoter Score Is Another Source for Customer Satisfaction

59 vs 39

NPS score for digital
account opening
vs via call center

54 vs 33

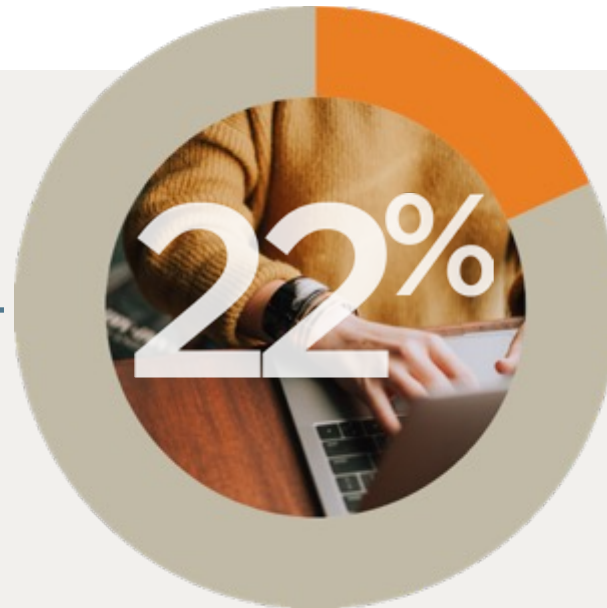
NPS score for sending
money digitally
vs via call center

Source: 2022 Outlook: The Future of the Banking Industry, West Monroe

/ Silent Attrition

Additional Likelihood of Silent Attrition

22% of respondents kept their account with the acquiring bank...
but opened another account at a different institution.



/ High Asset Attrition

Attrition Risk

64% of switchers surveyed are most likely to leave within one month after an acquisition is announced... **and it's the high-value customers who are more likely to leave.**

Overall investible assets

■ Less than 100K ■ \$100-500K ■ \$500 or more



Switchers



Non-Switchers

/ The Cost of Customer Retention

**115%
per year**

average customer
attrition rate among
retail financial
institutions

**Almost
50%**

of the customers
who churn don't
make it past the first
90 days after
opening their
accounts

\$200

average acquisition
cost of a new
customer

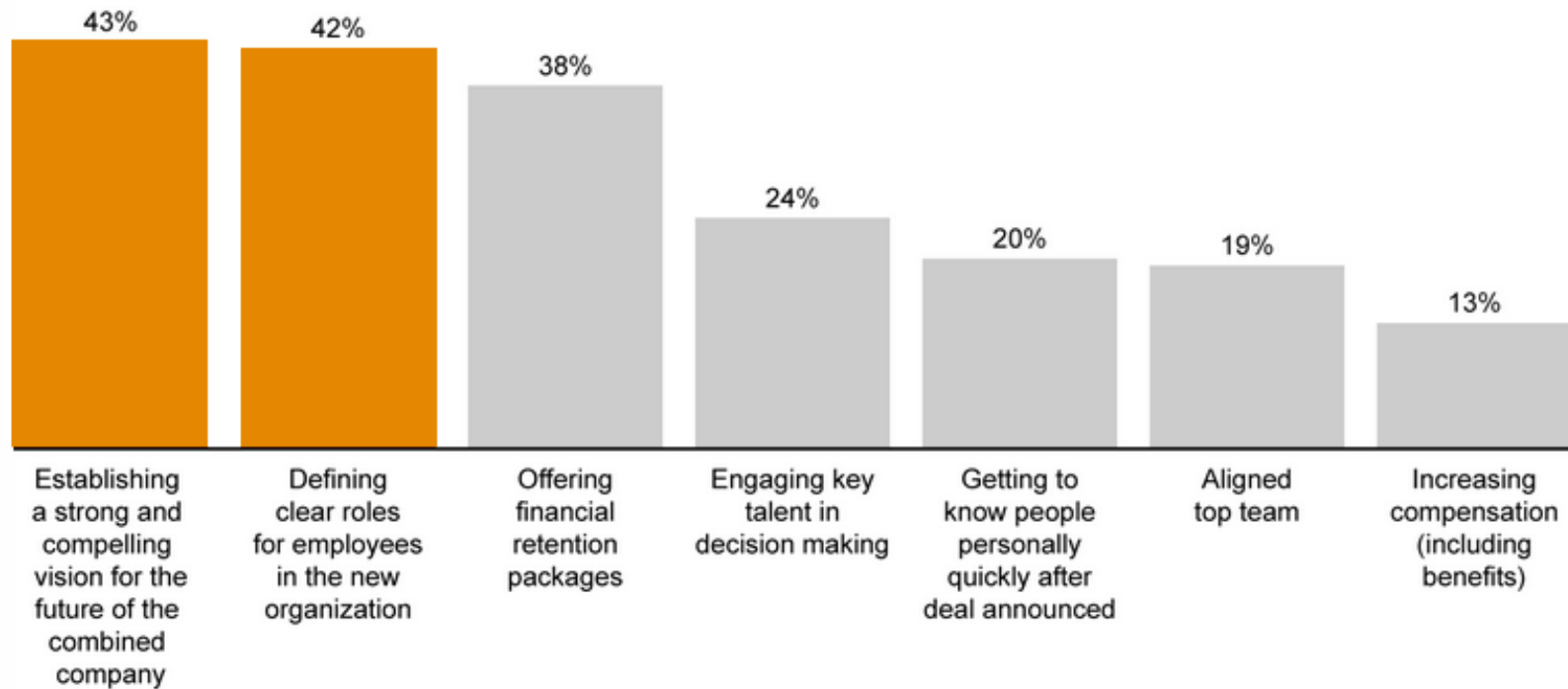
\$150

average annual
revenue generated
by a typical
customer

Source: Review Trackers, March 24, 2021, <https://www.reviewtrackers.com/blog/bank-customer-retention/>

/ Employee Retention

Factors for retaining critical talent
(percentage of respondents)



Source: Bain M&A Practitioners' Survey, 2022 (N=281)

QUESTION

For those that answered “yes” to our first poll question (have you been involved with a M&A or considering one), did you have a dedicated team to support the M&A?



/ How to Make Every Moment Matter

1

Deliver consistent, coordinated and multichannel communications

3

Provide white-glove treatment to business-critical customers and members

2

Add a personal touch with contact center support

4

Ensure a positive brand experience across all channels

1

Deliver consistent, coordinated and multichannel communications

The only way to get ahead of customer and member disruption is through effective, proactive and frequent multichannel communications.

- > You cannot over-communicate
- > Protect the brand across all touchpoints
- > Give people a reason to read your message

Communicate about your brand, not just the merger. Tell people why they should continue to choose your institution, especially when their service is being disrupted.



1

Communication Is Key

The common thread that consistently separates M&As that successfully minimize customer attrition from those that hemorrhage depositors is communication from the bank or credit union.

Acquired customers who receive sufficient information from their financial institution

LIKELY TO SWITCH

< 50%

Source: Mergers and Acquisitions Study, J.D. Power and Associates

Customers who find out about merger from sources other than their financial institution

LIKELY TO SWITCH

2X

1

Benefits of Multichannel Marketing



Direct Mail is a powerful marketing tool for institutions wanting to uniquely connect with consumers.



Online Display Advertising reaches more customers in more places, driving response and brand awareness.



Email marketing is a great way to build one-on-one relationships with current and potential customers and stay top of mind.



Contact Centers are engagement centers. Nothing can replace the lasting impact of an excellent customer experience with a skilled and empathetic representative.

2

Add a Personal Touch With Contact Center Support

Customers and members expect 24-hour service accessible via multiple channels — phone, chat, email and social media — so be prepared to service their needs on their schedule.

- > Ensure you have the capacity to manage increased call volume during digital banking conversions, card reissues and change events
- > Leverage your contact center to not only answer questions, but also to promote sticky products
- > Consider partnering with an experienced third-party to ensure frontline business continuity
- > Prepare for blind spots in your technology infrastructure

You are re-earning your customer's business at every interaction. You're only as good as your last contact.



2

How often are you engaging with your customers and members?

As of December 2020, financial institutions have seen the following:



15-40%

DECLINE IN TRAFFIC TO THE BRANCH



10-30%

INCREASE IN ONLINE BANKING ACTIVITY



20-80%

INCREASE IN MOBILE BANKING ACTIVITY



10-50%

INCREASE IN CONTACT CENTER INTERACTIONS

The contact center is often the **emotional component of a brand.**

The Financial Brand, "Why Contact Centers Are a Key Part of a Human+Digital Banking Strategy," December 28, 2020

3

Provide white-glove treatment to business-critical customers and members

White-glove support includes proactively engaging and supporting your customers and members — small business, private wealth and commercial clients — before, during and after the transition.

- > Design unique transition journeys for each segment
- > Assign dedicated representatives to high-value customers
- > Offer proactive, high-touch support and timely expertise
- > Follow up post-transition to ensure satisfaction

*Proactive, white-glove support helps to ensure a **high return on relationship** — more business referrals, improved buying propensity and brand loyalty.*



4

Ensure a Positive Brand Experience Across All Channels

Keep a pulse on how each customer and member is experiencing your brand with Voice of the Customer surveys. Gain actionable information to improve the customer experience and increase retention.

- > Pre-implementation: Get a baseline of needs and expectations.
- > Implementation: Identify points of disruption to maintain service levels.
- > Post-implementation: Use feedback to direct capital to those resources where you can get the best return.
- > You're acquiring employees, too ... not just customers and members.



/ Create Positive Experiences Across the Customer Journey

Pre-Merger/Acquisition

- > Benchmark the customer experience across all channels to create a performance baseline
- > Engage employees to ensure they are ready for and feel good about the change
- > Define what your key milestones will be and develop a risk mitigation plan for unfavorable results

/ Create Positive Experiences Across the Customer Journey

Merger/Acquisition

- > Notify existing and acquired customers and members of branch closures, product and pricing changes
- > Welcome acquired customers with personalized print and digital welcome communications
- > Proactively engage business-critical customers and members with high-touch support and timely expertise
- > Keep a pulse on brand perception at critical milestones
- > Monitor employee satisfaction and adoption of new tools, systems and processes

/ Create Positive Experiences Across the Customer Journey

Post-Merger/Acquisition

- > Provide the contact center support customers and members need, when they need it
- > Transition check and card customers, seamlessly and efficiently, with expert end-to-end support
- > Continue to engage newly acquired customers and members with print and digital communications
- > Measure the customer experience across all channels to identify opportunities for improvement and prioritize resources

/ Create Positive Experiences Across the Customer Journey

Inbound & Outbound Contact Center Support

- > Provide proactive, outbound white-glove support to high-value customers and members (small business, private wealth, and commercial accounts)
- > Augment your contact center with highly-skilled inbound support specialists to handle general FAQs and overflow support

The Message Is Clear

The cumulative impact of every customer and member interaction during a merger and acquisition creates an emotional connection with the brand — and is a competitive advantage for those that get it right.





THANK YOU

Scan the QR code to download our eBook *"6 Ways to Deliver a Positive M&A Experience"*





Questions ?

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

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