



# WordCom™

## INTELLIGENT TARGET MARKETING NEWSLETTER

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### Prescreened and ITA Offers: The Best of Both Worlds

TIM BERGER, SENIOR VICE PRESIDENT & CORY LEIPHART, AVP, ANALYTICS AND DATA SERVICES

*Using prescreened lists is the best option when soliciting loans to customers or prospects. But there is another very good option available to help find more loan prospects: the Invitation to Apply (ITA).*

Prescreened lists provide a great way to ensure that marketing targets are credit worthy and conform to other criteria requirements. Typically, these lists provide the best response rates and reduce the number of responders that may not be approved for a loan.

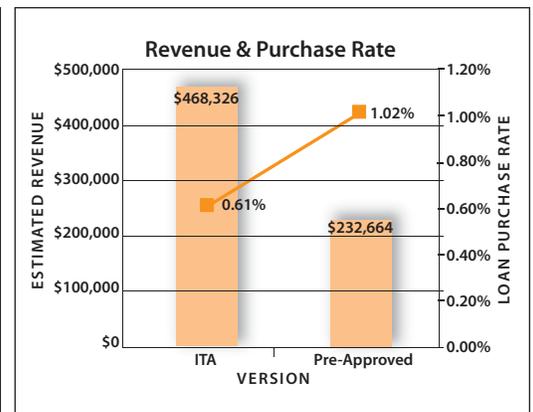
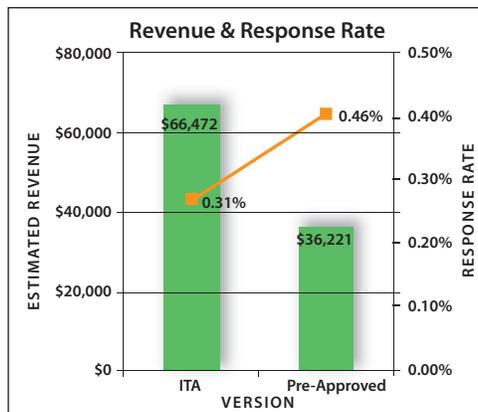
#### Prescreened Shortcomings

However, prescreened lists don't come without their shortcomings. They can often be expensive and require extensive red tape to get a marketer set up to rent lists or to get mail pieces approved. Not to mention that the required legal language can eat up valuable real estate on a mail piece and require the marketer to make a firm offer of credit.

Even though prescreened mailings have their shortcomings, they still provide the best results for loan acquisition. Invitation to Apply (ITA) lists don't perform quite as well as prescreened lists, but are a great second option because:

- The costs are comparatively less expensive
- It's easier to acquire this list of *credit worthy* people
- No firm offer of credit is required

Even when using an ITA list, it's not necessary to completely sacrifice being



able to target with credit worthiness. ITA lists allow for including credit worthiness aggregated at the zip+4 level (a small geographic area often consisting of 5-15 households). In addition to this, demographic, home data, and/or other criteria can be used to further qualify targets for a loan offering.

#### Maximizing ROMI

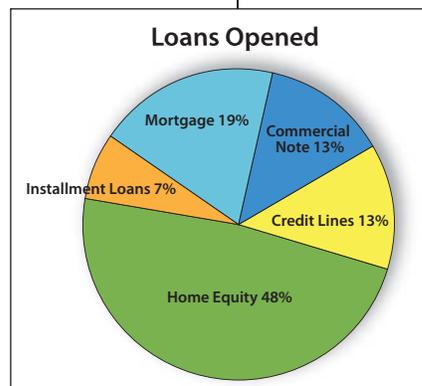
To maximize marketing dollars and get the most loan openings, using both prescreened and ITA lists (in tandem) offers the greatest opportunity for success. By selecting the best targets via prescreening and supplementing that with ITA records, it allows the audience to be expanded.

As an example, a mid-Atlantic institution used this collaborative approach for an equity program. Existing

customers were run through a prescreen process, which identified nearly 9,000 customers that met the required credit and other criteria.

The remaining list of customers was run through a database to identify targets that met similar criteria to that used in the prescreen process. An additional group of nearly 20,000 customers was identified to market to; hence the expanded audience.

The prescreen list achieved a response



rate of 0.46% as a result of 41 equity openings. This exceeded the 0.31% response rate seen from the ITA list. But, the inclusion of this ITA group enabled the bank to open 61 additional equity accounts. As a result, the bank realized an incremental increase of \$30,000 in revenue through these additional accounts.



# Direct Marketing Quality Control

STEVE MORRIS, VICE PRESIDENT

*“The schedule is really the critical tool for a direct marketing project; it must be adhered to in order to keep all parties on task and—most important—on time,” says Melanie Tracy, WordCom Account Manager.*

At WordCom, Quality Control (QC) starts as soon as a project is agreed upon and launched. A client receives a schedule (or project plan) for the project. It describes in detail, with dates and deliverables for both WordCom and the client, all the steps that will need to be completed to ensure a flawless execution.

## Clean Data

The same holds true for the data handling and clean-up. According to Donna Ramsdell, Data Management Specialist, there are a number of QC steps involved at this point of the project. In particular, the clean-up of the data is key.

“Before we do anything, we review the project details and requirements with the Account Manager. Once we receive the data file and the proper records have been selected, it’s important to confirm quantity is correct and all letter code counts match up. Next, we remove undeliverable records and clean up the file (perform data hygiene), ensuring punctuation and casing is correct.”

If it’s necessary to append variables based on latitude and longitude, it’s critical to ensure that the distances are appropriate and records are assigned correctly. Then, if they are assigned by different criteria, they must be assigned correctly.

“The data file is then run through the NCOA (National Change of Address) database to follow postal requirements for mailing,” says Donna, “and once that is completed, the file is run through postal software using actual specifications for piece weight, thickness and entry points, as well as permit information.”

## Quality Control Continues

After it is confirmed that all paperwork is accurate, file processing is correct, and all fields necessary for the mailing are on the production file, it then goes to the quality control department for final review before being sent to the production department.

“Production of the mail piece involves its own set of QC steps as well,” points out Melanie. “Before anything is printed (whether offset or lasered), samples are printed and reviewed by the team to

check for spelling, grammar, artwork, and color quality.”

Once that is complete, the sample is sent to the client for sign-off and approval. There may be a few rounds for this process if there are edits or changes that the client requests. Each time this happens, the same checks and reviews are put into place before the edits are sent to the client for review and hopefully final approval for printing.

Once the mailing piece is approved, it is sent to the production area for printing. “Here it goes through various checks as well,” says Melanie. “It starts with the set-up of the piece — making sure it fits in the print/cut area, the address block is in the correct spot and is consistent across all versions of the piece, and that there is no overlap between text and graphics.”

The production manager will then check font sizes (to be sure they are consistent in all areas of the piece), paragraph spacing, margin alignment and any offer dates.

“Once the GO button is pressed, there are still QC steps to be done,” says Melanie. “While the pieces are printing, they are checked constantly to make sure they are running properly. Many of the ongoing quality checks involve checking for ink smudges, color consistency throughout the entire print job, monitoring the printers to be sure that the paper is being fed properly, and running random spot checks during the entire production cycle.”

<input type="checkbox"/> Create mailing schedule
<input type="checkbox"/> Review project details
<input type="checkbox"/> Receive data file
<input type="checkbox"/> Review record selection
<input type="checkbox"/> Confirm quantity
<input type="checkbox"/> Confirm letter codes
<input type="checkbox"/> Remove undeliverable records
<input type="checkbox"/> Clean data file
<input type="checkbox"/> Correct punctuation
<input type="checkbox"/> Check appended variables
<input type="checkbox"/> Run through NCOA database
<input type="checkbox"/> Ensure specs for weight, thickness, permit
<input type="checkbox"/> Perform final QC check
<input type="checkbox"/> Print samples
<input type="checkbox"/> Check spelling, grammar, artwork
<input type="checkbox"/> Receive client approval
<input type="checkbox"/> Check print/cut area
<input type="checkbox"/> Check address block position
<input type="checkbox"/> Check consistency of versions
<input type="checkbox"/> Check font size/paragraph spacing
<input type="checkbox"/> Check margin alignment
<input type="checkbox"/> Check for ink smudges
<input type="checkbox"/> Check color consistency
<input type="checkbox"/> Perform random print checks





## How NOT To Sell Checking

CHRIS WACHTEL, PRESIDENT AND CEO

### A Hypothetical Conversation

**ABC Bank** — “We want to improve our checking account openings.”

**WordCom** — “What are your competitors offering?”

**ABC Bank** — “Some are offering the \$10 gift, some are offering \$50 and some are offering upwards of \$200. I personally probably wouldn’t move my account for less than \$100... if that.”

**WordCom** — “What will ABC Bank be offering?”

**ABC Bank** — “Oh, we won’t be doing an offer. We’ll be promoting our account features and our really great service.”

**WordCom** — “Okay. What features does the ABC Checking account have that separate it from other checking accounts?”

**ABC Bank** — “Well, ours is free if you maintain a minimum balance and we have online banking, bill pay, etc.”

**WordCom** — “Hmmm... that sounds similar to a lot of other accounts. What about mailing frequency? How many times during the promotion would you like to mail?”

**ABC Bank** — “We don’t have a very large budget so we’ll probably just mail once.”

While this conversation as a whole may be hypothetical, all the points have been made at one time or another. Every marketer has the goal of improving their results but many can’t or won’t make the changes necessary to do so, which sets them up to fall short.

Checking accounts are essentially a “commodity;” everyone who is going to have one has one. So when trying to acquire new checking customers, the prospect needs to be enticed to leave another institution, which will only happen if:

- A) The person’s needs/location changes,
- B) They are dissatisfied with their current institution, or
- C) There is a compelling offer



### The Offer

When other financial institutions in the market place have offers, not having one is an extreme disadvantage. When someone is ready to move their checking account, there are many choices available. Since every institution touts their great service and all checking accounts come with basically the same features, the two biggest factors in account opening are convenience of the location and the offer. The location is something that cannot be easily changed, which leaves the offer as the final lever. The key marketing question is: “If you wouldn’t move your account without an offer, why would you expect someone else to?”

### Situations Change

All acquisition programs should start with the base of an “intelligent” list. This could be a profile model or some other analysis that says *these prospects are the most likely to open a checking account*. But that by itself is not enough.

The bank’s sales message needs to be in front of the targeted prospect when they are ready to make a switch. That

could be now, six months from now, or a year from now. Without utilizing expensive, small volume specialty lists, it is difficult to determine when someone’s needs are going to change or when they are dissatisfied with their current institution. Therefore, the solid sales message needs to be in front of them when that time arrives.

### Mailing Smarter

To accomplish this goal, it’s a much more effective strategy to have a smaller, more targeted list that is mailed multiple times (4 to 8 times a year) than it is to mail a larger list only one or two times a year.

Frontline bank marketers may not be able to do all the things necessary to make the best campaign. Upper management often controls the budget, which limits what kind of offers can be made, as well as the marketing volumes and frequencies. In that case, realistic goals need to be set of what results **can** be expected and adjust the factors that can be controlled to make the program as successful as it can be.



## Merger Mailings: Make the Most of the Opportunity

CHARLES GROSS, SENIOR VICE PRESIDENT

***“You never get a second chance to make a good first impression.”***

That old expression is especially true when two financial institutions come together through a merger or acquisition. The customers of the acquired organization bring with them extraordinary potential for future growth and profits. However, those opportunities may never materialize if the communications are not handled properly starting at the very beginning of the conversion process.

### Communication Stages

The process starts by sending a letter to the soon-to-be-acquired customers as soon as possible after the merger is announced. It is during the days immediately following the announcement that rumors can spread, and negative publicity can result.

Signed by the CEOs of both banks, this first letter will reassure customers that the merger will proceed smoothly and that customers will benefit through enhanced service offerings, more branches, etc. They should be told they will be getting specific news about their accounts as the transition progresses.

Assuming the time from the merger announcement to the actual conversion is at least a few months, another jointly signed letter should be sent out 6-8 weeks later. This second communication can include a brochure listing the answers to frequently asked questions such as “Can I continue to use my existing checks?” or “Will I need a new password for Bill Pay?” This mailing will help take some of the pressure off branch personnel and call center staff.

Once the conversion is scheduled, the communications plan should include the major communication that must be received 30 days prior to the big day. This mailing has to be very detailed so that customers will know what will happen

to their accounts. The current product name of each account should be listed along with the new name of the account post-conversion. If the account numbers are changing, the old and new numbers should be listed as well.

The focal point of this mailing is the Product Conversion Guide. This booklet provides the first real platform for the surviving institution to present its brand and its products. Well-designed with eye-catching color imagery, the Conversion Guide must have enough production value to make it worthy of being kept as a resource for new customers as well as a sales tool for customer contact employees.

### The Data is Key

Test files should be acquired well in advance so that all products are accounted for and have been properly mapped to new products. Accounts with identical registrations are combined into one letter so that customers don't get duplicate mailings.

Before the letters are produced, knowledgeable people from both banks need to review the data files to make sure they are accurate. When the letters are

ready for production, a representative sample from across the data file is printed out to make sure the account information is appearing properly.

The final step is the assembly stage. All additional inserts should be verified as being properly inserted. If consumer and business accounts have different disclosure material, it should be confirmed that customers are receiving the correct legal documents.

Communications opportunities to newly-acquired customers don't end with a successful conversion. For example, the new relationship can be cemented with high-value customers by sending them special offers for discounts on additional services. Or a survey can be sent out asking for input on the conversion process, what features they are looking for, and what their next financial need might be.

In the end, all these communication efforts are designed to retain customers and strengthen their relationships with their new bank. Making new customers feel comfortable with the conversion process is the best way to preserve the value of the acquired franchise.



# EquityIQ

## Build Your Equity Loan Portfolio

Utilizing customer and external demographic data, the WordCom EquityIQ™ model will refine your targets for a better ROMI and will allow you to capture customers and prospects in need of a new equity loan.

### “Laser” Targeting

WordCom’s MicroModeling methodology includes both an in-depth profile of customers and a statistical view of prospects.

- Analyzes customer data vs. the general population within your marketing footprint
- Refines data with over 1,000 demographic, behavioral and lifestyle attributes
- Utilizes key differences between customers and prospects to find what makes customers unique and scores prospects on those variables

### Target the Right Audience

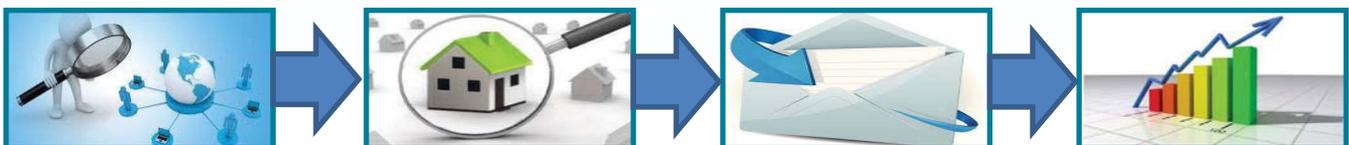
EquityIQ uses a credit score proxy and includes additional variables to better target households that are likely to open an equity loan and have enough equity in the home to qualify. The variables consist of a variety of Zip+4 and household mortgage data, including:

- Purchase Price
- Purchase Date
- Mortgage Amount
- Loan to Value
- Home Value

### Additional Key Features

- Credit proxy applied at the Zip+4 level
- Data can be custom modeled
- Can be easily applied to customer data
- Improved response rates through more targeted selection
- Can be utilized for both customer cross-sell and prospect acquisition.

### A Complete Turnkey Program



Contact a WordCom account executive today for more information: 800.822.0622



# 2015 Marketing Planning

HARRY WALTMAN, VICE PRESIDENT

*As the last quarter of the year approaches, bank marketers will be turning their attention to structuring a marketing plan for 2015. Shifting economic outlooks, customer needs, and institutional priorities will dictate the objectives, strategic approach and tactics.*

## The Big Picture

Bank marketing planning should reflect the current economic environment and scenarios for change. Will interest rates continue at their current levels? What are expectations for loan demand in the equity, mortgage, auto, credit card and commercial sectors? Will interest in deposit products be heightened during the year due to rates or institutional need?

Against the backdrop of market driven considerations are decisions specific to the bank. Will balance sheet considerations drive product emphasis? Will products be changing and new product introductions need to be planned for? When assessing the product/service offerings, what are the strengths or weaknesses of the bank?

## Measure The Competition

Also, what is the assessment of the competition? A list of strengths and weaknesses of major area competitors should be compiled. Where are opportunities to differentiate offerings of products or services? Are there changes in the bank's product and service offerings that should be weighed?

Finally, given the opportunities and challenges, where are the strengths in bank resources? Understanding staffing,

technology assets and budgetary considerations will contribute to the development of an effective, achievable marketing plan.

## Identify Objectives

Armed with information on the environment, areas of need, the competition, and the bank's capabilities, specific objectives should be established. Each objective should be framed with an understanding of the concept (branding), products and/or services to be promoted. How these programs will work with existing or previous efforts should be detailed.

For example, an objective may be to acquire more equity loans. The strategy could involve offering a discounted loan rate with a defined time period before conversion to an indexed rate. Tactics involving advertising and distribution should be decided. For example, they may include incenting branch personnel, newspaper ads, and a direct mail campaign.

With each objective identified and a plan involving strategy and tactics developed, consideration should be given to an overarching perspective. Do all proposed campaigns work together?

Is synergy facilitated where possible? Together, do they advance the goals of the bank for 2015?

## Measure Results

The last part of planning is to make certain that there are processes in place to measure the progress towards objectives.

Data driven measurements that reflect account/service openings and balance growth are critical for many objectives. Calculating the Return on Marketing Investment (ROMI) during the year will help the bank understand what's working or which programs need adjustments.

A successful 2015 for banks can depend on the marketing planning that is done before the year begins. Thorough evaluation and commitment of ideas in a structured format can help insure that institutional goals and objectives are met.



For each objective, profitability impact should be presented along with any risks that may be associated. Ultimately, objectives need to be clearly defined and measurable.

## Establish Strategy and Tactics

With each objective identified, the plan needs to detail a "road map" as to how the objectives will be achieved. It is at this point that strategies and tactics need to be assigned to each objective. Efforts may begin with research on aspects of the proposed program perhaps followed by a product development phase. Pricing and profitability can then be considered.

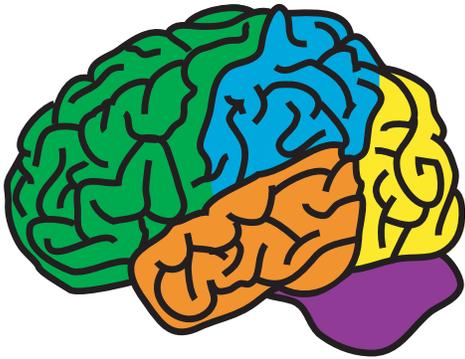
# CREATIVE CORNER



**MELANIE TRACY,  
ACCOUNT MANAGER  
&  
JANIS WESTON,  
ACCOUNT MANAGER & PRINT COORDINATOR**

## Think Outside the Box: Dare to be Different! (With Your Mailing Package)

*Are you looking for a more eye-catching letter package to send to your customers/prospects? Consider changing the look of your outer envelope.*



90% of info received by our brain is visual

As people, we are visual by nature. We are drawn to things that are pleasing to the eye, whether it be other people, food, cars, homes, etc. And the same can be said about what we see in our mail pile! 90% of information transmitted to our brain is visual<sup>1</sup>. So don't be afraid to make your mail piece POP by using color, images, and a different size/shape.

A study conducted by the USPS<sup>2</sup> showed that 10% more people opened and read a piece of mail from an unknown organization that was mailed in a larger envelope than in a standard #10 business envelope. And the number of responses was almost double for a bigger envelope as compared to a standard size. (A "larger" envelope would be anything bigger than the standard #10 business size, which measures 9½ x 4¼.)

For your next marketing mailing, think about testing a package that is a different size, such as a 6x9 outer envelope instead of a #10 size. Paper comes in all different colors – how about using a color that will stand out against all the white? Or even using a different paper stock will have a different feel and can have an impact on whether that mail gets put aside or opened.



*Get your mail opened... change it up!*

<sup>1</sup> Source: 3M Corporation

<sup>2</sup> USPS "Household Diary Study" 2012



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### INSIDE THIS ISSUE

- Prescreened and ITA Offers: The Best of Both Worlds. . . . . 1
- Direct Marketing Quality Control . . . . . 2
- How NOT To Sell Checking . . . . . 3
- Merger Mailings: Making the Most of the Opportunity . . . . . 4
- 2015 Marketing Planning . . . . . 6
- Think Outside the Box: Dare to Be Different! . . . . . 7



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