



# WordCom™

## INTELLIGENT TARGET MARKETING NEWSLETTER

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### Tapping Customer Loan Potential: Spring HELOC Promotions

HARRY WALTMAN, VICE PRESIDENT

*As spring approaches, many customers begin to plan home improvement projects for warmer weather. Traditionally, springtime has meant a spike in equity loans and lines of credit that homeowners use to finance improvements.*

One segment with tremendous opportunity for banks is the existing customers who have an equity line with unused balances available. Especially since interest in mortgage refinancing has faded, individuals are likely to turn to available existing lines of credit as a quick and easy source of funds.

#### HELOC Activation— Promoting Line Usage

Targeting the customers for a HELOC Activation promotion is relatively easy. A simple query of a bank's customer database will yield not only existing HELOC customers, but importantly balance and line of credit limits as well. Understanding the amount of money available and communicating that information simply to customers is the secret to driving line usage.

A basic letter mailed in a window envelope has proven to be a very effective mailing package for this offer. The available balance information is critical to the offer copy, so placing this information in an easy-to-spot place on

the letter will immediately call the reader's attention to the available amount. This amount can also be reinforced within the body of the letter.

HELOC Activation promotions can realize response rates of 15% or more, where a mailed customer has increased their HELOC balance. With the impressive response rates of the promotion, there are parallel increased balances as well. A Midwest bank client had the following mailing results in 2014:

Mailed	Customers with increase	% w/increase	Total increase	Average increase
1,887	366	19.40%	\$3,751,321	\$10,250

Considering the total new loan balances generated, HELOC Activation mailings generally post significantly positive ROMI.

#### New Equity Accounts— Targeting Customers

Of course, spring is the optimal season to promote new equity line/loan accounts to existing customers who don't currently have one. The key is targeting homeowners who are likely to open an account. WordCom's Micromodel approach uses data from existing customers that have an equity line/loan and builds a profile of them by appending over one thousand demographic, behavioral and lifestyle attributes. It then uses the constructed data profile to find



other customers that are similar to the equity account holders.

Understanding the likelihood of meeting loan underwriting standards for the bank can be a helpful targeting tool as well. WordCom's RiskIQ can target customers using a FICO-like risk proxy applied on a zip+4 geographical basis. Further targeting can involve product propensity model scoring. Used together, modeling efforts are critical in targeting customers for new equity accounts.

#### Equity Goals

Generating new equity loan/line balances remains a vital marketing goal for most institutions. Promoting increased HELOC usage in the spring is an effective strategy towards that objective. Targeting existing customer new equity account openings will also help to increase loan balances.



# WordCom Expands Connecticut Headquarters

STEVE MORRIS, ASSISTANT VICE PRESIDENT

*In December, WordCom moved into its newly expanded headquarters in Ellington, Connecticut. This occasion was a long time coming and thirty-three years in the making. WordCom, Inc. was started in 1981 by its founder and current Chairman, George Wachtel.*

## The Beginning

The company started as a partnership. "While I was working as Director of Communications for Connecticut Mutual Life in Hartford in 1979, my wife Deirdre met a friend at child day care and they started talking about tennis. The friend said, 'My husband is a very good tennis player.' And Deirdre said, 'So is mine.' And so the future tennis and business partnership was born," says George.

Two years later, the "other good tennis player," Bill McMillen, was splitting up with his environmental engineering partner and taking their fledgling offshoot, WordCom, a direct marketing company, as his own and he asked George to join him and grow the business together.

Every business has to find a market to serve. "When WordCom started growing in 1981, banks were just going through a round of deregulation and many were aggressively marketing, pushing their Personal Banking," explains George. "This was an ideal match for WordCom's financial creative background (George)



George Wachtel in 1981

and personalized mail production (partner Bill). With that natural match, WordCom focused on the banking industry from the very beginning."

## The Growing Organization

With the success and growth of a new business comes the need for more employees. Charlie Gross, Senior Vice President of Sales, joined WordCom in 1986.

Charlie knew WordCom was a perfect fit from the start. "I was a Vice President of a bank in Providence. The bank had recently been sold to a much larger bank in Boston, and I knew my position would not survive reorganization. After several long conversations with myself, I knew that my next job would be different. At the time, my bank had hired WordCom to help build traffic in a new branch. During this project, I met George Wachtel, and not long after, our conversations led to a job offer."

"The company was small," says Charlie, "with only about 10 employees, and was located in a nice New England town. It was (and still is)

informal, no suits and neck ties. I appreciated what George did to make the work experience at WordCom different from what those of us who had spent time in the corporate world had known."

In 1988, as growth continued, WordCom bought the land to build their office building in the farm town of Ellington,

Connecticut. The recent addition added another 2,200 square feet and is the home of the mail production side of the company.

## The Future

Chris Wachtel, now President and CEO of WordCom, started working for the company when he was just 13. "Honestly, I never had a moment where I thought that was what I wanted to do. Even when I was working here through college, I always thought I would do something else because I was always focused on 'regular' advertising on TV and radio. After going through the UConn School of Business, I started understanding the data side of things and it put me on this path."

In 2010, Chris was named CEO of WordCom, which was a significant moment for him. "That was when the decision-making for the company moved to me. It was right after Provident Bank,



Steve Morris with attendees at 2014 ABA conference

who was by far our biggest client at the time, was absorbed by M&T, so it was definitely a little unsettling. But I knew we were doing good work with a good team, so I just believed that things would work out."

Like most CEOs, when asked about the future, Chris is very focused. "I hope we continue the path we are on... that we have steady growth that allows everyone at WordCom to have good jobs in a place they enjoy working."



Chris Wachtel, George Wachtel, Dede Wachtel, Charlie Gross and Dave Gulvas at the 1999 ABA conference



## Checking Acquisition — The New Reality

CHARLIE GROSS, SENIOR VICE PRESIDENT

*Not that long ago, checking acquisition programs, especially those offering as much as \$200 for a new account, were doing very well. Finding a competitor's unhappy customers and enticing them to switch was a fairly straightforward exercise.*

It is not as easy today.

New checking prospects today are fewer in number for several reasons. One of the major factors is a change in attitude. The negative sentiments toward financial institutions that prevailed during the financial crisis have dissipated. Therefore, people tend to be happier with their current bank.

### Sticky Services Holding Customers

Customers also now have stronger bonds to their bank thanks to technology. Because the industry as a whole has had good success signing people up for “sticky services” like direct deposit and online bill pay, the thought of changing banks is—for many people—not something they would do without some significant motivation.

Even relocating doesn't always bring the need to change banks, given the extended networks of the largest institutions and the growth of no-branch online banking options.

So, given the reduction in account open rates, are checking acquisition programs still a viable activity?

The answer is YES for several reasons. For all the usual purposes, people will still be opening new accounts—just not in the volumes that were the norm in previous years. But there are several ways to improve marketing results.

### Marketing Consistency

Studies show that opening a new checking account is not an impulse decision. It is not unusual for people to spend months gathering information and getting advice from family and friends before they finally pull the trigger. Building and maintaining share



of mind during this process would give any organization an advantage. Banks that are serious about checking acquisition should be actively promoting their product at least every quarter at a minimum.

### Starting Them Young

New checking openings tend to spike in the summer, which coincides with the establishment of new banking relationships as college students head off to campus for the first time. A common pricing strategy targeting this audience is to waive monthly fees for actively enrolled students.

Once out of school, fees can continue to be waived so long as a direct deposit or balance requirement is met. Locking account holders in early could mean keeping a customer for life.

### Keeping Technology Current

The bank's web site should have online opening capability and a full suite of online banking features. The mobile app should be fully functional as well. With so many online banking options available, especially from no-branch banks, it is critical to make sure the offering is competitive, especially when appealing to young people.

### Think Customer Acquisition, not just Checking Acquisition

Obviously, the drop in checking response rates results in higher acquisition costs for each new account. What needs to be considered is the future value of those new accounts. Each new checking customer brings the potential for long-term profits if there is a well-defined onboarding process in place that will help each new customer relationship develop across multiple products.

By reaching out via mail, email and telephone during the first months of each new relationship with offers and products that are specifically targeted, the value of that original checking account will increase dramatically.



# Using Data Intelligence to Sell Savings

TIM BERGER, SENIOR VICE PRESIDENT

*“Savings, CD, and money market rates are starting to edge upward. And in a rising rate environment, consumers will be looking for flexibility. They will want to increase their yields without locking up their funds for an extended term,” said Jim Johnston, Senior Marketing Manager at Bellco Credit Union in Colorado.*

In the aftermath of the financial crisis, financial institutions had generally focused on the loan side of the balance sheet ledger. With the economy retrenching, growing the loan portfolio became an institutional priority and a key marketing goal. While that perspective remains true, banks are starting to revisit targeting deposit accounts and the balances that accompany them.

## Rate Rise Coming?

After a lengthy period of historically low deposit rates, some have begun to inch back up. Many anticipate that rates have the potential to rise as the economy continues to grow and the Federal Reserve backs off the accelerator of an accommodative policy.

“Consumers, hungry for additional yield on their money, are likely to respond as rate offers increase. Higher interest rates on CDs and money market accounts are usually an incentive, causing deposit dollars to flow,” said Jim Johnston.

## CD Stability

While still in this fluid rate environment, financial advisors are typically recommending consumers use short-term CD products, money market, and savings accounts. CDs could become the best alternative because of their higher interest rates. Most people have their money sitting in savings and money market accounts, waiting for the rates to rise.

As it has been for decades, the primary market for CDs are seniors with a high level of risk aversion who like the security provided by guaranteed rates and deposit insurance. And some have large balances that they want to move to higher interest accounts, so CDs would be an attractive product for them.



## Deposit Acquisition

“There are basically two ways to bring in more deposit dollars,” said Chris Wachtel, President of WordCom. “Either you go outside the bank to acquire new customers, or you cross-sell savings products to your existing customers. And to be effective, you should use a multi-channel approach. Target existing customers with direct mail, email and phone calls, and acquire new ones with direct mail, newspaper, radio, and bill boards.”

## Using Profile Modeling

When using direct mail, Profile Modeling is a proven approach that looks at the profile of customers who own a specific savings product and will identify important characteristics. A

comprehensive Profile Model will include both in-depth profiles and statistical views of existing customers and uses the following steps:

- Analyze account holder data versus the entire customer base
- Refine data from over 1,000 demographic, behavioral, and lifestyle attributes
- Utilize a distance study to identify the primary marketing footprint
- Pinpoint key differences between savings product account holders and non-account holders to find out what makes savings product account holders (savings, CD, money market) unique and score them based on those variables
- Determine what portion of the population is very unlikely to open a savings account so the bank does not waste precious marketing dollars
- Refine the audience to select only the best prospects: people who

look like existing savings product customers

- Create an offer and marketing program to reach the targeted customers

## Cross-Selling

Deposit accounts are also an effective tool for increasing the number of products/services per household. Cross-selling deposit accounts can offer a low barrier for purchase.

A regular communication program with offers of deposit opportunities to targeted existing customers has been documented to produce high response rates. Adding additional products and expanding the household mix is a successful path to attrition reduction.



home equity prospects uniquely and strategically identified

Equity loans/lines are still one of the most popular and practical products offered by banks to help consumers meet their financial needs. EquityIQ™ uses a credit score proxy, as well as other variables, to precisely target households that are candidates to open an equity loan and have enough equity in their home to qualify.

Our proprietary process geocodes your database and matches it to our National Consumer file to append demographic and socio-economic indicators. A model is then created to pinpoint and identify what makes your equity customers unique and a scoring system is designed to find new prospects with a high likelihood of being good candidates for an equity loan/line.

### **INTELLIGENCE: RIGHT ON TARGET**

Eliminate the guesswork – increase your ROMI through better targeting. Our MicroModeling methodology is designed to identify new equity customers and leverage their most important characteristics to establish an optimal audience for marketing efforts.

- MicroModeling analyzes your new equity customers data vs. the general population
- Utilize a distance study with the new equity customer data to determine the primary marketing footprint
- Refine equity data with over 1,000 demographic, behavioral and lifestyle attributes such as:
  - Purchase price/ date
  - Mortgage Amount
  - Loan to Value
  - Home Value
- Identify key differences between existing equity customers and prospects to find out what makes customers unique and score prospects on those variables.

Identify households that are  
**6 times more likely**  
to open an equity product

Don't just build your equity loan portfolio.  
Build it **intelligently**.

### **Additional Key Features**

- Can easily be applied to customer data
- Improved response rates through greater targeting
- Employ data at the household and Zip+4 level for accuracy that is cost effective

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## Choosing the Right Channel

DONNA RAMSDELL, DATA MANAGEMENT SPECIALIST

*Today's customer communication can be done in a multitude of ways, but ensuring the right channels are used with the right audiences is important in establishing and maintaining relationships. Some of the traditional channels such as direct mail, trade shows, and cold calling can now be combined with many other forms of digital communication.*

In the past, once a relationship was established with a consumer, there weren't many options for them to choose from to continue to receive communications outside of phone, fax, or direct mail. Today, with the advances in technology, there are many different avenues that can be used to market to—and keep in communication with—existing customers.

### Selecting by Generation

Depending on the age group being targeted, the channel preference can be different. With the younger generation, also known as the Gen Y or the Millennials (between ages 20-38), the channel preference may be communications via email, text (SMS) message, or in some cases, even social media. While direct mail may work best for establishing the connection, continued communications could use email and text.



For the Gen X group (between ages 35–55), the preferred channels can range from direct mail, email, text, and even phone. For Baby Boomers (between ages



51–69), they may prefer the traditional direct mail, while some are becoming more tech-savvy and have email accounts, so this may also be a preferred method.

The right channels are important to reach the potential customers, as well as to retain the relationship. Whether direct mail, email, text, or social media, it is important to know who the target audience is and the message that is being conveyed. Some channels work better than others, and knowing which ones work the best is important.

### Using Social Media

There are a few popular social media channels that can be used to establish the initial contact for the younger-to-middle-age groups. Facebook and Twitter have the ability to communicate with the masses and can be used to relay promotions, provide links to webpages, and offer a free way to market in real time.

For continuing communications, these may not be the best source. However, they are great when advertising a special promotion or to share news about the bank since the younger generation is very active on these channels. Many diverse businesses today are beginning to use both of these free channels to advertise their products.

If Facebook becomes a channel used for reaching a potential customer, it is

important to ensure that this channel is monitored, as consumers know when a business isn't present on social media. Twitter, with its 140-character "tweets," can be used to announce a trade show, attach a link to a company website, or simply announce a promotion.

Other ways of communicating can include postcards or self-mailers containing a QR code that will link to a website, or a specific link that will bring the consumer to a personalized webpage for rate promotions or special correspondence.

What works best for one group may not work for all, so the key is finding the right way to communicate. Once a relationship is established, it is important to ensure that the continued communication channel is one that the customer prefers, and when establishing that initial relationship, the question should be asked and noted for future correspondence. Some customers may wish to receive their statements by email, while others may prefer to still receive them via regular mail.

A great campaign starts with the right communication and continues after the relationship has been made. Doing the research and knowing the audience is instrumental in creating and maintaining that relationship.



SHANNON GRIFFIN,  
ACCOUNT MANAGER  
AND  
JANIS WESTON,  
ACCOUNT MANAGER & PRINT COORDINATOR

## How to Avoid Becoming Junk Mail

*One of the biggest struggles in creating an effective mail piece is how to stand out in recipient's crowded mailboxes, despite their shrinking attention spans. There are several key steps that can help you get the most out of your marketing dollars and avoid becoming junk mail.*

### Be Professional

In general, people are overwhelmed by marketing on a daily basis, through various mediums: direct mail, social media, and television. They have become savvy to the cheesy tag lines and false boasting, which should be avoided—they will see right through it.

Instead, focus on what sets you apart from the competition, and be mindful of mail pieces that you receive in the mail and how they impact you as a consumer. Selling your services as “the best in town” with no proof is also transparent to the recipient. If you have been voted “the best” by a consumer vote or newspaper, be sure to source where the claim comes from.

### Be Visually Appealing

People skim and scan their daily mail quickly as they sort through the contents of their mailbox. To avoid being placed into the discard pile, your mail piece has only seconds to make a good first impression.

Consider how people read the newspaper. Most people do not have enough time to thoroughly read every article, so news reports are formatted in specific ways to draw readers in and make sure their interest is piqued.

Customers/prospects will look for appealing fonts, colors, and graphics. Color combinations can symbolize various emotions. Choose color combinations associated with your brand, but also consider shades more vibrant, rather than more serene color palates.

Relying on a different postcard size (like an oversized 6" x 11" postcard that would stick out in the mailbox), or using a textured or glossy paper stock will also set the piece apart from the masses. The format of your direct mail piece is also

something to carefully consider. Letters can be seen as more formal and are more text based, where a postcard or self-mailer rely heavily on visuals to communicate.

### Be Direct

Now that you have caught their eye, what should they do? Be specific with the call to action, and limit it to one. If the objective of the mailpiece was to get the recipient to schedule a face to face meeting with a branch staff member, then make that clear and perhaps offer a reward for their reply.

It is also helpful to list the ways to communicate with you: phone number, address, URL. This will allow them to reach you in the way that feels most comfortable to them. If the message is sent to a person who does not own a smartphone, and the only call to action is to scan a QR code, then that person will most likely not search out alternate methods to communicate.

### Be Personal

When looking at what's in the mailbox, it's often easy to spot the mass-mailed “junk” pieces. They lack any personalization and don't have any connection to their needs or interests. The world's best offer will yield zero results if it is marketed to the wrong audience.

With the ability to target specific consumers using data from MicroModeling, the ability to zero in on the audience based on age, gender, income bracket etc. allows the development of a refined mailing list and a better ability to personalize the marketing.

By creating an accurately detailed profile of who your likeliest customers are, you can reach the ideal audience. With a narrowed mailing list and a smaller mail quantity, the ability to use a more expensive paper stock or a more unique package is much more attainable.



What could you do  
with \$10,000?



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