



WordCom™

INTELLIGENT TARGET MARKETING NEWSLETTER

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Disruption Marketing: Don't Let Good Opportunities Pass By

CHARLIE GROSS, SENIOR VICE PRESIDENT & TIM BERGER, SENIOR VICE PRESIDENT

You just heard the big news that a competitor in your market has been bought by a larger out-of-state bank. Subject to the necessary approvals, those customers are just a few months away from having their accounts converted to a new system, with terms and fees that could make your product lineup look very attractive in comparison.

If you sense an opportunity, you are right. Any disruption in the marketplace can result in a potential windfall. And it doesn't have to be an acquisition. Branch closings, fee increases and changes in product features all provide a similar gateway to new business growth. Here are four steps to help you succeed when opportunity comes knocking in your market.



Step 1 – Draw Circles

Wouldn't it be great if a list of your competition's customers was readily available? Because such a thing doesn't exist, you'll need to develop a strategy

to find them as best you can. Because proximity to branch locations is a key selection factor, the best place to start is with a map.

Mapping software makes this easy, but you could also do it on paper. Plot your branch locations and those of your competitor. Draw circles around each. If you are in a suburban setting, try a 3-mile radius. In a more densely populated urban setting, you'd need to use smaller circles.

Where your circles overlap the competition's turf is the geographic footprint that you share. This is the area where going to your branch is just as convenient as going to the competition. Here's where you'll find a higher percentage of disrupted prospects than in the community at large. Using the map, you can identify the postal carrier routes or neighborhoods that best define the target.

Step 2 – Refine the Audience

Once the target area has been defined on a map, further refinement is possible, and perhaps necessary, if the starting number of households is too large for your budget. Simple demographic selections (age, income, dwelling type, etc.) will help reduce the size of the target universe. It's also possible to create a highly-detailed profile of your current customers and use it to reach out to non-customers sharing similar characteristics.

If your institution is looking at the acquisition of a nearby competitor as an opportunity to bring in a specific type of customer or product, using refinement tools to focus the targeting will be useful. On the other hand, if you are looking to attract as many new customers as possible without regard for the products they might be bringing with them, think instead about casting the widest net possible. Remember, there is no way of knowing which targeted households are actually customers of the soon-to-be-acquired competitor.

Step 3 – Build a Communications Plan

In the case of acquisitions, most merger announcements usually include the target date for completing the transaction. Some acquisitions move along quickly, while others require a significant amount of time to account for special shareholder meetings, regulatory approvals, systems work, etc. Whatever the announced schedule is, use it to build your own communications timetable.

No matter how many months there are from announcement to conversion, it is important to remember that there will be customers at various levels of receptivity as this process progresses. Some will make up their minds that they need a new bank as soon as the first announcement is made. Others might wait to see what their accounts will look like post-conversion before making a decision.

Continued on page 2 ...



Crack the Vault: Clearly a Winner!

MELANIE TRACY, ACCOUNT MANAGER & PRODUCTION MANAGER

“What could you do with \$1,000?” This is the question Premier Bank (Washington, D.C.) posed to area residents as a teaser in their mailing for a branch grand opening celebration in December of last year.

Everyone likes to have a chance to win something, right? Remember the frenzy over buying Powerball tickets when the jackpot was \$1.5 billion in January? The good news is there doesn't need to be a billion dollar jackpot to attract people to a branch promotion. Just offering attractive (not necessarily expensive) prizes will do the trick... and a fun game makes it even more effective.

Crack the Vault

In December, Premier Bank ran a branch promotion called Crack the Vault. Just under 12,000 residents in the immediate vicinity of the branch (about ¾ of a mile) were mailed a postcard with the details of the promotion, including a six-digit “personal combination number” that was unique for everyone.

The grand opening celebration ran for one week from Monday, December 7 through Saturday December 12. Targeted recipients were encouraged to bring their number into the branch to play the game and see if they were a prize winner.



To play the Crack the Vault game, the visitor enters their combination number into an interactive game loaded on an iPad in the branch lobby. The game will tell players whether or not they have a winning number, and will inform them what prize they won if their number is a winner. We recommend giving all game participants a parting gift of some sort.

Prizes

The prizes awarded for this promotion were: a Grand Prize of \$1,000, an iPad Air, Apple Watch Sport, GoPro Hero camera, and a \$25 gift card.

According to Terrell Braden, VP of Premier Bank, the promotion was a huge

success! He said, “We had an absolutely fabulous time... it was a great success. Crack the Vault actually works, and our staff had so much fun with it!” He also shared that the former mayor got in on the fun and was there for the ribbon-cutting ceremony.

In the six days the promotion ran, there were 185 people who came in to play the game and there were 30 winners.



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Studies have shown that under most circumstances, the decision to move a checking account to another institution is not made impulsively. In fact, it can take some consumers as long as six months before the new account is finally opened. It is reasonable to assume that an acquisition would speed up the decision to switch considerably.

A solid communications plan includes being in the market often enough pre-conversion to build share of mind. Remember that conversion materials are typically sent to customers 30 days in

advance. It's at that time that everyone knows what their accounts are going to look like in just a few weeks.

At a bare minimum, potential customers should be contacted right before the conversion takes place and again 6-8 weeks post-conversion. By that time, after the customers have gone through at least one statement cycle, they will have a better idea of whether they like their current account situation or not.

Step 4 – Have a Good Offer

The financial services industry is more competitive than ever. If you

are going to invest in a multi-pronged communications plan, make sure you are giving these potential customers more reasons to leave their current bank than they have reasons to stay. For some customers, the opportunity to stay with a local bank is all they'll need. Bear in mind that your competition's bill pay, direct deposit and mobile app services have magnified the inertia that must be overcome. A solid offer, plus the proximity of your own branches, should help greatly in bringing many new relationships to your bank in markets where the competitive landscape is being redefined.

CRACK THE VAULT

The WordCom Crack the Vault program is a fun and interactive promotion designed to generate branch traffic, excitement and involvement for customers, as well as branch employees.

Crack the Vault is very easy to operate and manage. It is an iPad-based platform that uses a WiFi or 3G connection and can also be customized with your bank's logo. It's the perfect program for a new branch opening, or to jumpstart an existing branch.

In addition, a market profile can be generated that provides detailed information about the surrounding population that can be used for further communication to drive sales activities/ results.

"...the promo is a BIG hit. Many great opportunities to get to know potential customers and renew acquaintances with current customers. Thanks!"

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- Analyze customer/prospect data to identify the best candidates
- Utilize a distance study to determine optimum geographic requirements
- Select optimum prospects with lifestyle attributes
- Blend financial and socio-economic data with lifestyle attributes for better targeting

How can it help?

- Create more excitement and awareness around new or under-performing branch locations
- Generate new accounts by driving more traffic into branches and providing branch staff with conversation opportunities
- Help understand the market area with detailed profiles and mapping
- Prove the success of the program with in-depth sales tracking

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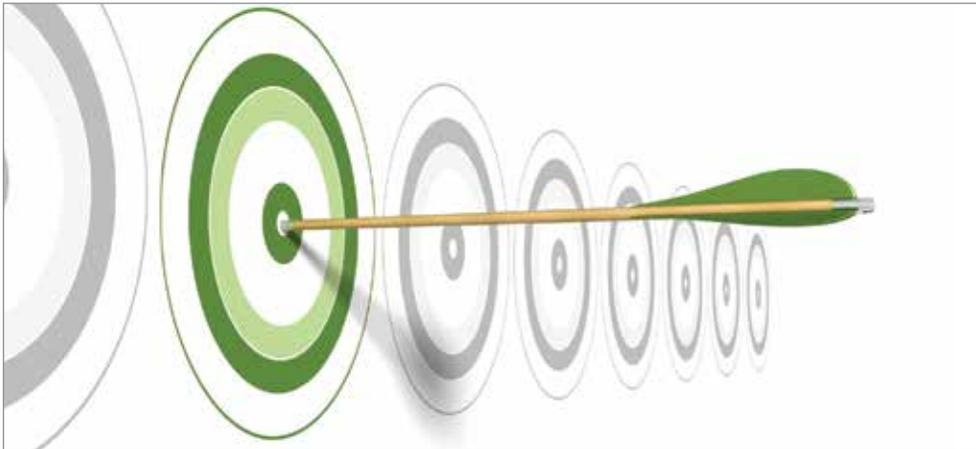


Targeted Cross-Sell Mailing Programs: Helping to Drive Profitability

HARRY WALTMAN, VICE PRESIDENT

Cross-selling products and services to existing customers is a proven approach to increasing products and services per household. Through deepening relationships and share of wallet, marketers can impact account openings, balances and bank profitability.

Direct mail remains a backbone of cross-selling efforts for many institutions. American Trust (Dubuque, IA - \$1B) has been managing a cross-sell mailing program since 2012. Peggy Hudson, Executive Vice President, says, "Having an automatic monthly matrix mailing program pays continuous marketing dividends for the bank."



Define and Adjust Program Objectives

She points out, "A monthly mailing program should align objectives with the bank's strategic goals." Identifying which products and services to be offered is the first step. Structuring the customer selection process by prioritizing the offer segments within a waterfall hierarchy will help the program realize the desired results.

Adjusting product priorities in response to changing markets is easily done. Peggy Hudson notes that the flexibility is important for the program's success. "The ability to modify the segmentation and/or waterfall offers helps us achieve primary and secondary objectives as the bank's needs and

competitive environment evolve during the year."

Target Offers

From business rules criteria to customized predictive modeling, targeting of offers will increase response rates and boost ROI. American Trust's cross-sell program relies on modeled customer product profiles and quarterly demographic appends to select the best candidates for their offers.

The modeled customer profiles employ outside demographic, socio-economic, and lifestyle attribute data to build a product specific profile of what their customers look like. The

digital banking, mobile banking, bill pay, and debit cards. "WordCom's targeted approach allows the bank to make cross-sell offers to customers likely to open a product, while limiting wasted mail on those less likely to respond," says Jacque Weber, Marketing Specialist at American Trust.

Track Results

Understanding the results of a cross-sell effort is important not only for evaluating the organizational impact of the mailings, but also to make program adjustments in order to improve results. Direct responses, where the customer opens the product or service offered, are critical, as well as purchase responses where the customer opens a product or service other than the one offered.

Understanding open rates, balances generated, and the ROMI based on revenue spread data will help assess the profitability of the program. Segment offers and selection criteria can be adjusted according to the tracking results on an ongoing basis. Jacque Weber emphasizes, "Detailed sales tracking provides a clear picture of revenue and expenses across the entire program."

Branch Support

Follow up support at the branch level ensures that customers who want additional information or guidance in account opening can be helped. At American Trust the letters are signed by the account officers at the branch level. "The account officers appreciate that the bank has a proven system in place to offer products based on data intelligence that meet their client's needs. Including all areas of the bank helps the program to be effective," says Peggy Hudson.

An automatic monthly, repetitive communication mailing program allows marketers to know that appropriate offers are continually being made to the right customers. Expanding customer relationships while responding to their changing needs ultimately helps to drive bank profitability.

modeling then allows for the selection of customers for the product offer who look like other existing customers who own a certain product.

Loan Focus

American Trust's program has had a focus on loan accounts. Offered loan products are HELOC, mortgage, credit cards, and auto loans. In addition to the product requirements, selection criteria includes RiskIQ, a modeled risk proxy score. This allows the bank to make loan offers to customers likely to meet certain minimum credit score profiles.

For deposit products, checking accounts are offered to customers who do not have one with American Trust, but look like an American Trust checking customer. Business rules also apply to services offered including



Omni-Channel Marketing

STEVE MORRIS, VICE PRESIDENT

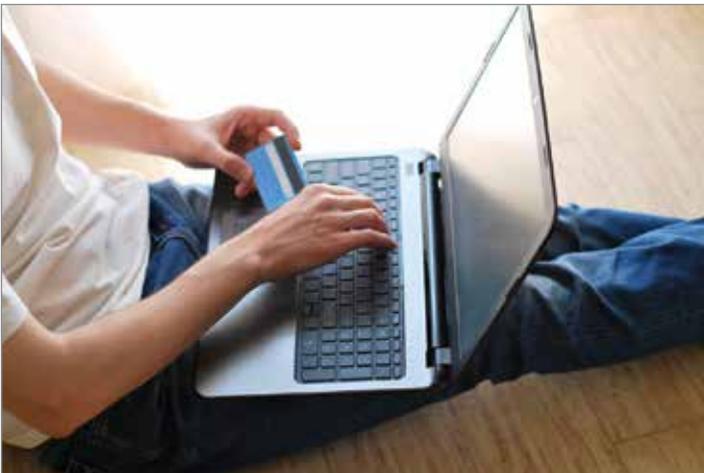
As Millennials are more digitally inclined and demanding than prior generations, it is more important than ever for financial institutions to build an omni-channel marketing strategy.

Consumers today have the expectation that any desired information or service will be available to them, on any device, at the exact moment they need it. The Millennial Generation (85 million) is pushing brands, including banking, to engage them where they are, at any moment.

In retail banking, there are wildly disparate levels of competency in managing an omni-channel marketing, sales, and service experience. If one institution thinks of itself as a leader, they need to prepare themselves for the day where this is no longer a differentiator as changes continue to take place at a rapid pace.

Digital Becoming Essential

The experiences and expectations of consumers today are shaped by their interactions with financial institutions, as well as everything they do digitally,



including online shopping, social networking, on-demand video services, and instant access to products and services. Companies in these spaces are raising the bar for digital experiences as they employ digital technologies to delight their customers and refine consumer expectations in the process.

While branches and other traditional marketing and delivery channels will continue to remain important, digital has become essential. According to an Accenture Study, consumers view online banking as the area they would like most to see banks invest in and develop.

- Eighty-percent of them use this channel at least once a month.
- Mobile banking activity has increased nearly 50% since 2012, with approximately one-third of customers active at least once a month.
- The most active online and mobile banking customers use these channels at least weekly.

Mobile Banking

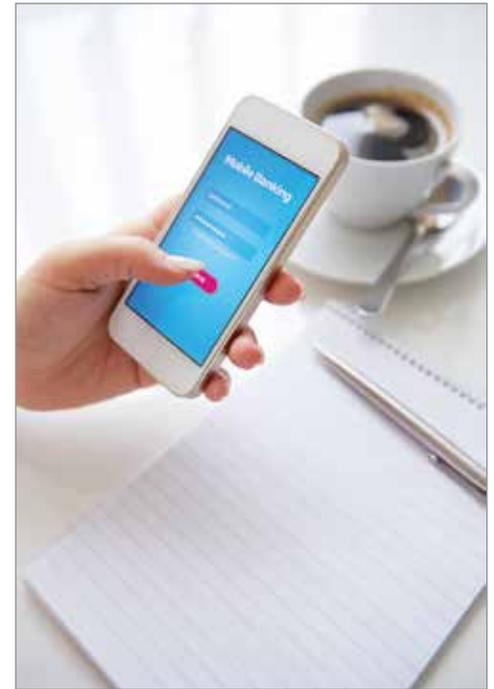
Why should financial institutions focus on acquiring and retaining mobile banking users? Based on a recent study conducted by Alix Partners, they are:

- **Younger** – 55% of mobile banking users are between 18 and 34, vs. 25% for non-users
- **More affluent** – average income for mobile banking users is \$71,000, vs. \$59,000 for non-users
- **Buy more financial services**

products – mobile banking users hold 3.1 products with their bank, vs. 2.8 for non-users

There are numerous recommendations and courses of action a financial institution can take to begin, catch-up, or improve the capabilities needed to execute an omni-channel strategy. Some of these recommendations are:

- **Use digital to support consumers** – financial institutions need to find the right mix of information, content, and tools
- **Collect data** – collect data to support marketing and analytics



- **Take a needs-based approach** – people don't buy products because they were built by a financial institution or just because it's there.

Ch-Ch-Ch-Changes... the late, great David Bowie wrote this song as a way to address changes in oneself as well as the world surrounding. Things are ever-changing and should be embraced instead of feared or ignored.

Over what seems like a very short period of time, marketing has changed and grown by leaps and bounds. Particularly in the way that people research, shop, and buy financial products.

In the end, customers are now expecting to be communicated with and served in their channels of choice. Hoping they will somehow conform their behavior to a haphazard array of one-off marketing and service channels will make it increasingly difficult to achieve success.

Because data is the fuel that makes all 1:1 marketing possible, the first step in the omni-channel journey is to ensure the ability to collect, store, and analyze data so customers can be communicated with wherever they are.



JANIS WESTON, ACCOUNT MANAGER & PRINT COORDINATOR

Paper 101 – The Best Papers for Direct Mail

When planning a mailing package, one of the most important things to consider is the type of paper stock to be used. This does not mean the fanciest, most expensive paper is the best paper to use.

Paper can end up costing a large chunk of the budget, so it's important to choose wisely. There are endless types of paper stock to choose from: writing, text, cover, coated (gloss, satin, dull, etc.), uncoated... the list goes on and on.

Start with the basics

What is the mailing package? Is it a postcard, a self-mailer, or perhaps a letter in an envelope?

- If the piece is a postcard, a cover weight stock should be used. Cover weight stock is thick and is typically difficult to fold and less likely to be damaged in the mail. Consider the size of the piece when determining which weight should be used. A standard 6" x 9" postcard—or smaller—may only need a 100# cover stock, whereas an oversized 6" x 11" postcard may fare better in the mail-stream if it is of a heavier, more sturdy weight. One can certainly use the heavier stock for the smaller piece, but it is not necessary to incur the higher paper cost.
- A self-mailer, a piece that is folded before it is mailed, typically does not need as heavy paper as a postcard because the thickness will at least double, depending on how many folds it has. A common weight for a self-mailer is 80# (cover stock). (However, a legal notice self-mailer that is tri-folded and sealed may even be printed on an average weight text stock.)
- Letters to be inserted into envelopes are typically produced on text weight stock.

Gloss, dull, matte, coated, uncoated... what is the difference?

The ink used to print the marketing piece will appear differently depending on the finish of the paper.

- **Gloss** – A gloss finish can make images and graphics appear more vibrant while helping to maintain the ink's integrity. It can make full color images and graphics appear more

vibrant and visually appealing. It also protects the ink from fading and moisture. Although images on high-gloss paper look great, the shine can make reading text on the page more difficult because of its reflective nature.

- **Silk/Satin** – A silk or satin finish offers a less shiny, reflective coating, while still providing enough that images and graphics still look vibrant, as well as providing ink protection.
- **Matte/Dull** – A matte or dull finish produces a more muted surface, yet remains smooth to the touch. The colors tend to be less vibrant, yet are still beautiful in a different way - by being softer and more "artistic." Copy may be easier to read, not only because the surface isn't as shiny, but because the finish is much more fingerprint-proof than its glossier counterparts.

- **Uncoated** – Uncoated paper is not treated at all and is ideal for letters, envelopes, note pads and items that are meant to be written on. Premium uncoated papers, however, lend a personal feel to important documents, such as invitations and announcements.

So, now that the basics are covered, how does one go about selecting what is right for the piece in question?

An important thing to consider is the company's branding guidelines or what best represents the offer. If the offer is for a high-end product, a higher quality paper stock is a must. For lower-end product offerings, a lower (but still good) quality stock would be suitable.

Just because a paper is technically lower quality or less expensive than another doesn't mean the finished piece won't look fantastic. Paper is expensive, so keeping the budget in mind is key. Obtaining quotes on various types of paper that would suit the needs of the project is smart and can really help stay within budget, or even unexpectedly save additional money.

Choosing the right stock can be daunting. Ask the experts for samples and suggestions, but always keep the audience in mind... will they realistically even notice if the postcard they receive in their mailbox was printed on a comparable, but less expensive stock than a high-end stock that may have been the marketer's first choice? Chances are—unless they work in the print or marketing industry—they won't notice, and remembering that can put some ease on a marketing budget.





New Movers – An Important Part of Any Marketing Plan

CORY LEIPHART, AVP ANALYTICS & DATA SERVICES

A New Mover program is important to incorporate into any marketing plan. The cost to run a New Mover program is often easily offset by a (potentially) very lucrative long-term return on investment. New Movers typically have the highest account quality index of any prospect marketing efforts.

While larger financial institutions (FIs) can usually support a standalone New Mover program fairly easily because of the size of the market and the subsequent number of movers constantly transitioning into or within the footprint, it's typically less costly when combined with a Checking Acquisition program, especially for smaller FIs.

Speedeon Data reports that 60,000 people move per day in the US... that's



19% of the population per year. These movers also spend about \$9,000 in the first three months of their move and likely will adopt 71 new brands during this transition time. A new financial institution might just be one.

When looking at a New Mover program, there are three different types of movers:

- Movers into footprint – offer the best response rates
- Movers within the footprint – offer

the lowest response rates

- Unknowns – offer the 2nd best response rates

Because decisions are being made rapidly after the move takes place, it's critical to get a message in front of the new mover as early as possible... before they've committed to another FI. As a result, developing a program that sends messages out weekly will ensure that the communication is hitting this new mover very soon after they've moved in.

For many FIs today, bringing in new, profitable customers is vital to meeting sales goals. If done in a timely fashion, and using the most accurate data available, a New Mover program can attract new customers looking to establish a long-term relationship and ultimately bring in a significant (or their entire) share of wallet.

Meet Sean Mulvaney

WordCom recently welcomed Sean Mulvaney as its new VP of Product Development. With almost 20 years in the financial services industry, Sean brings a wealth of additional knowledge and experience to the position. Sean's specific expertise in product development will help WordCom bring a number of new products to its clients.

Raised in Beatrice, NE, Sean attended the University of Nebraska and Southeast Community College. He is also a graduate of the ABA School of Bank Marketing and Management and holds a Certified Marketing Professional designation from the Institute of Certified Bankers.

Prior to joining WordCom, Sean got his start in banking at USBank, where he was able to get an appreciation of front line banking. During his time with ACTON Marketing, Sean was a managing partner overseeing not only the sales team, but also the direction of corporate marketing and the training department. When

ACTON was sold to Deluxe in 2013, it afforded Sean the opportunity to work for Speedeon Data, where he headed up the banking and insurance vertical. It gave him the opportunity to better understand big data and its uses for efficient marketing communications.

When asked about his decision to join WordCom, Sean shared, "I really enjoy the marketing strategy and client relationships. I love being able to deliver effective, efficient marketing programs to



help clients meet their goals."

When not working, Sean loves to spend his time with his family and play sports with them. He also enjoys getting in a round of golf where he can. He met his wife Susan during his college years and they have been married for 12 years. They have four boys, Ian, Carter, Max, and Jack, and their boys keep them both very busy with all of their activities.



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