



WordCom™

INTELLIGENT TARGET MARKETING NEWSLETTER

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Data Appends: What's Available and How to Use it

SEAN MULVANEY, CFMP, VICE PRESIDENT – PRODUCT DEVELOPMENT

The landscape of data is ever changing and has evolved more in the last 15 years than it has in the previous 50 years. And using it properly can greatly aid financial marketers.

As data providers continue to grow and expand, so too have data aggregators who (for the most part) have no real original data assets other than their ability to bring in as many different data providers, cross reference data feeds, and produce their own unique set of data assets.

The purpose in doing this allows aggregators to provide more data (and more complete data), eliminate any false positives, and ensure it is the cleanest and quickest data available.

Email Validation and Append

One of the most valuable appends available is email. A valid email address can be a valuable resource to a marketing team and if an institution has a 50% penetration of valid emails, they are definitely in the minority.

Institutions may believe they have “well over 50% email penetration,” but are they all valid? The answer starts with an analysis of the email database (this is almost always done at no charge). The hygiene provider will take in the email data set along with name and address

and provide a report back outlining the percentage of emails both agree on, the percent disagreed on, and of that percent, how many they can append and correct.

In addition to this process, emails should be appended where they are missing. Similar to the process mentioned above, this starts with a free analysis of a simple name and address file.

This is where working with a data aggregator can be very beneficial. If an institution were to single source



this process, they could expect to get 20%–25% verified/valid email addresses returned. Working with multiple sources would get this percentage up to about 40%–60%.

With a new or updated email address, the communication process should begin. The first thing is to send an email to these new or updated contacts informing them that the institution is updating their records and wants

to confirm how they prefer to be communicated with. If email is not one of those channels, “simply unsubscribe by clicking here.”

In doing these two very simple and inexpensive processes, it has cleaned up 25% of existing emails and added 50% of new emails where they were missing, opening up a vast new channel for low cost marketing. Now they should be used wisely and not abused with too much content too frequently.

Demographic Data and Share of Wallet

There are many different additional data resources available to append to a current customer base (and prospect base). In fact, there are over 1,000 different demographic data points that can be assigned to most households. These appends include:

Affluency data:

- Age
- Income
- Investable assets
- Home value
- Spending habits
- Debit ratio
- Lending risk score
- Presence of children and ages

Continued on page 2 ...

Social media

Ethnic data

Email preference

Religion/politics

Roughly 200 lifestyle preferences:

- NASCAR fan
- Arts
- Outdoor enthusiast
- Books
- Gardening
- Pet owner
- Charitable contributions
- Cooking
- Gaming
- Wine

Likelihood to respond to direct mail, email, social offers

Modeled in the market data (are they in the market for a car, new home, etc.)

There are many different assets available that can help get a better understanding of customers and prospects. Simply by appending some affluency data, an institution can have a better understanding of the share of wallet they have with current customers.

Lifestyle data can also be appended to the most valuable customer base to get a better understanding how to target and

model for prospect acquisition and what lifestyle images may be used in creative.

In addition to these different data appends (and in light of the Wells Fargo events), there are also life stage trigger monitoring appends that happen on a weekly basis, which allow an institution to not just communicate and sell to current customers, but to CONNECT. For more information on this, please reference the "Understanding and Capitalizing on Trigger Data" article in WordCom's Q2 2016 newsletter at www.wordcom-inc.com.



Product Conversions: Communication Opportunities

HARRY WALTMAN, VICE PRESIDENT

Institutions continually evaluate products and look for opportunities to innovate and better address the financial needs of their customers and provide incremental value. This often leads to product feature/benefit changes or replacement of product suites offered.

These changes can involve relatively simple product alterations or the introduction of completely new products. Whether customers are migrating into new products or simply having features changed, communication is essential to retention. This communication to customers who own the affected products needs to be targeted and viewed as a marketing or sales opportunity.

Customers will need to know which accounts are changing as well as the features and benefits of the new products. The introduction of new banking products also requires timely communication, some of which can be legally oriented. Most institutions use USPS mail to communicate with their customers and conform to any legal requirements.

Data Management

All existing products that will no longer be offered or changed should be mapped to the new or changed products that will replace them. Once product mapping has been completed, it is critical to have seamless data matching employed in the process of compiling the list of customers to be notified.

Unique account records need to be identified through a household data collapse process. The objective is to select all affected customers without sending duplicate notices, thereby minimizing mailing volume costs.

Mailing Packages

Customers should be sent written notification of the changes that will impact their accounts, and a letter package is recommended for the communication effort. It should list the current account to be affected, the name of the new account, and the effective date.

Institutions should provide a description of the new or changed account with features and benefits included. Depending on the scope of



product changes, it may be possible to employ variable paragraphs to address the change details.

However, many institutions opt to include a simple bi-fold or tri-fold brochure with the letter. For larger, more comprehensive product suite changes (or merger conversions), a full size (8½ x 11) new product guide may be warranted.

Product conversion communications are a tremendous opportunity to demonstrate an institution's ongoing effort to better serve changing financial needs. Timely and effective communication is key to successfully connecting and retaining customers.



CustomerIQ is a cost-effective way to develop detailed profiles of customers who own each individual product, and find the key factors that differentiate them from customers who have other products. These differences can be very important... whether it is to find more customers with potential for the product, acquire new customers, or add relevant product features.

- Are your equity loan customers over 35, and do they have an income over \$100,000 and like fishing?
- Do your auto loan customers have a home value greater than \$150,000 and love NASCAR?

This information is available in CustomerIQ and can help you create a marketing strategy using the best communication channel, offers, and themes that will best achieve program goals.

In a survey of financial institutions, these are the biggest challenges when trying to engage a customer:

- **34%** - not having enough information about the customer
- **35%** - not having accurate information about the customer

Don't just build your customer portfolio.

Build it **intelligently**.

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"At its core, banking is not simply about profit, but about personal relationships."

- Felix Rohatyn

Do you *really* know who your customers are?

INTELLIGENCE: RIGHT ON TARGET

WordCom's proprietary process geocodes your customer base and matches it to our National Consumer file to append demographic and socio-economic indicators as well as lifestyle attributes. We then build a custom profile of **your** customers who have each of **your** products. The end result is individual reports for each product that can help you:

- Compare attribute differences for each product and the market as a whole
- Identify specific attributes to use in targeting for your message
- Develop communications plans that resonate with your customers
- Choose marketing channels that best suit the customers or prospects being targeted
- Improve response rates with better targeting

Additional Benefits

- Demographics can be provided back for internal use
- Model scores are available for each product
- Scoring can be used to cross-sell existing customers or to acquire new customers





Measuring a Marketing Program

CORY LEIPHART, AVP ANALYTICS & DATA SERVICES

"The times, they are a changin'..." and that's increasingly true when it comes to Checking Acquisition programs. Gone are the days of blatant spray and pray saturation programs (drawing a radius around each branch and mailing to everyone in that area) without attention paid to who lives in those areas and what type of customer the institution typically appeals to. Furthermore, marketing the same checking account to everyone within a branch footprint has also run its course.

With the vast amount of data available these days, coupled with the need to be highly personalized and selective in who marketing messages are sent to, it's vital that all available tools are leveraged to have the most successful Checking Acquisition campaign.

Some of the new program structures currently being used are:

Household-level targeting – This is the most selective approach and allows for the highest level of targeting and personalization. Using a profile model, a current customer base can be modeled by appending a wealth of demographic, psychographic and geographic information. After analyzing this information, a profile is developed. This profile is then applied to the prospects within the branch footprint and the individual households that most closely resemble the customers are selected for the program.

This option typically yields the best response rates because of how selective it can be. It also allows for specific households meeting age or income criteria to be marketed different checking products.

The downfall is that this option tends to be more expensive because of using a name list and because postage rates are a bit higher since full saturation rates are not typically achieved.

Zip+2-level targeting – Similar to the option above, this option also allows for the modeling of a customer

base and a profile to be leveraged. The primary difference with this option is that it doesn't drill down to individual households. Instead, the profile is applied to all of the zip+2s within a branch footprint and each zip+2 is ranked based upon the concentration of prospects fitting the profile that reside in that area. The zip+2s with the highest concentration of potential customers are then selected for mailing.

This option typically has the second best response rates, but because there will always be some number of prospects in a zip+2 that don't meet the profile, each zip+2 has some amount of wasted message. It also doesn't allow for quite as much flexibility in marketing different checking products.

However, the postage costs can decrease significantly when compared to household-level targeting because it allows for the mail to be sorted to a further degree for the post office.

Carrier Route-level targeting – This level of targeting has similarities with the zip+2-level targeting. This option also allows for the modeling of a customer base and a profile to be leveraged.

It also doesn't drill down to individual households. The profile is applied to all of the carrier routes within a branch footprint and each carrier route is ranked based upon the concentration of

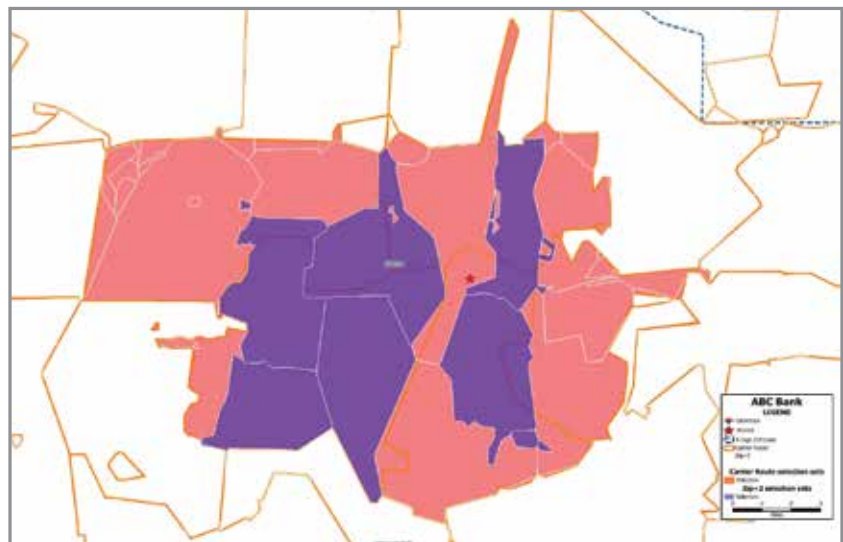
prospects fitting the profile that reside in that area. The carrier routes with the highest concentration of potential customers are then selected for mailing.

This option typically has the third best response rates. Another common link to the zip+2 targeting is that there will always be some number of prospects in a carrier route that don't meet the profile, therefore each carrier route has some amount of wasted message. It also doesn't allow for quite as much flexibility in marketing different checking products.

The largest difference when comparing to zip+2 targeting is that carrier routes can be quite expansive in lower populated areas and this can lead to mailings that may extend further than desired.

Postage costs are typically the least expensive when using carrier route targeting because the mail is sorted to the further degree and this work is rewarded by the post office.

Each way of creating a Checking Acquisition program has its benefits and shortcomings, but knowing this going in allows for the best level setting possible. If mailing more with reduced response rates is acceptable, it may yield more accounts at a higher acquisition cost. However, if mailing in the most targeted manner so that response rates can be at their optimal is the desire, a different tactic should be used.



Selecting by zip+2 geography (purple) allows for more pinpointed targeting as compared to carrier routes (orange).



Using Data Intelligence to “Connect” with Customers

TIM BERGER, SR. VICE PRESIDENT

Direct marketing can be expensive and waste precious marketing dollars, especially if using the “spray and pray” method. But targeting both existing customers and true prospects can be cost effective and profitable if the correct tools available are used to refine the audience and select the absolute best people available for the product or service being promoted.

Modeling Tools

There are many tools available to help financial institutions refine the audience and target the right households. For existing customer cross-sell campaigns, a propensity model can be used to look at a multitude of data points while analyzing product mix, balances, transactions, and other variables to determine next likely product.

Profile models (a.k.a. “cloning” models) can be used for both existing customers and prospects to analyze the profile of an institution’s existing account holders by specific product type.

Constructing a profile and identifying the most important characteristics of a home equity, checking, or credit card customer and then using that data to find customers or prospects that look very similar will yield solid results.

The profile model will also pinpoint key differences on what makes customers unique and score the prospects based on those variables. The model then ranks consumers based on their resemblance to existing customers and their likelihood to open the product.

It will also determine what portion of the population is very unlikely to open an account with a financial institution so precious marketing dollars are not wasted mailing to people who probably will not respond.

Life Event Triggers

Knowing when customers experience life changing events will help deepen and strengthen relationships and reduce attrition. If it can be identified when customers are getting married, having a baby, retiring, putting their house up for sale, etc., this would be critically valuable marketing information.



Nationally speaking, about 15% of a financial institution’s customer base will flag on one or more life event triggers within a 12-month period. By having existing customer files monitored weekly, an institution will know when customers are going through a life changing event.

Having an engagement process in place to proactively reach out via the phone, email, and direct mail during this potentially stressful time

demonstrates a strong commitment to existing customers. “Being there for your customers when it matters most” will pay great dividends for any financial institution.

Internal Triggers

The most effective cross-sell mechanism analyzes customer information to understand their needs

and makes an offer based on those needs. This involves making the right offer to the right individual at the right time.

Internal trigger marketing categories would include: demographic (likely home owner, presence of children, likely credit user, marital status), behavioral (transaction data and product/ service), and risk (delinquency, charge-off, decline in balance, accounts, or services).

Banks can also capitalize on customized event triggers, such as a customer making a high liquid balance. When this event happens, it triggers an IRA/Financial planning

offer. Or when a new mortgage is opened at the bank, this would trigger a home equity offer. Using trigger event marketing will help financial institutions increase customer satisfaction and loyalty while also increasing cross-sell and up-sell effectiveness.



How to Get Mail Opened

SHANNON PITNEY, ACCOUNT MANAGER

Are you looking for a more eye-catching package to send your customers/prospects? Change the look of the outer envelope or consider sending an item in a box or some other type of packaging... such as something 3-dimensional. Dare to be different!

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. Don't be afraid to make your mail piece pop by using color, images, and a different size/shape.

Increase Openings by 10%

A study conducted by the USPS¹ 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 inches.)

For your next marketing mailing, think about testing a package that is a different size, such as a 6 x 9 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.



Think 3-D

When looking for a more unique and intriguing way to market to a specific group of prospects, one method used effectively is 3-D marketing. The 3-D item can really be anything; perhaps it's something that ties into a marketing theme or simply a useful tchotchke with a company logo on it.

The most important thing is that it grabs the recipient's attention and the package gets opened and looked at. The more useful or fun the object is, the better. If the item stays in the office and is seen or used frequently, it helps keep the company name in the forefront of their mind.

These types of mailings are obviously more expensive to execute than standard direct mail efforts, which is why they should be utilized with much smaller targeted groups, such as businesses or high-value prospects.

¹USPS "Household Diary Study" 2012

WordCom Launches New Look Website

"Opening more accounts by using proven marketing strategies" is the theme of the upgraded website just launched by WordCom.

Whether it be a business, a home, a car, wardrobe, etc., eventually it gets old and needs to be refreshed. Such was the case with WordCom's website. Over the last 35 years, as the industry has changed—particularly in the last 5 years, as financial services marketing has moved away from just spray and pray direct mail—so has WordCom.

In that time, WordCom has added many new products and services to its offerings, but the website didn't reflect that, so it was time for a change. Asked if there was any sort of specific ideas that they wanted to get across in the new design, WordCom's President & CEO, Chris Wachtel

said, "Specializing in working with financial institutions, we wanted to be sure that the new site showcased all of the solutions that we offer to our clients, while being direct enough for potential clients to discover how we may be able to assist their institution."

"The new design allows the visitor to more quickly find the topics they are researching, along with a quick and easy way to inquire and receive responses," points out Steve Morris, Vice President, who coordinated the upgrade. "It also reflects a new modern look that is fitting to the fast-changing ways in which financial institutions communicate with their customers."

To view the new WordCom site, please visit: www.wordcom-inc.com



Checking Acquisition: Timing is Everything

CHARLES GROSS, SENIOR VICE PRESIDENT

The primary challenge facing all marketing managers is how to make the best use of scarce budget dollars. For most, that means determining not only what to communicate, but when. To use a fishing analogy, the baited hooks need to be in the water when the fish are biting.

With checking acquisition, there is no one best time to be active in the market. At any given moment, there will always be a small number of households that will be receptive to opening a new checking account with a different institution. But there are some times that are better than others.

Timing the Market

In order to mount an effective checking initiative, it is necessary to deliver a consistent message at multiple times each year. A “one and done” approach typically won’t move the needle very far.

An easy first step is to take a multi-year lookback at previous checking openings. There may be easily identifiable peaks and valleys at specific times of the year. For example, late summer when families relocate before the start of the next school year may be more active than the holiday season or the dead of winter.

In some markets, there are unique circumstances that create easily exploited opportunities. For example, university communities have lots of new faces, students and teachers, who arrive each year. Markets in proximity to military base and large industrial complexes may experience similar patterns.

Being Disruptive

The economics of retail financial services delivery continue to evolve. As the larger players continue to wring expenses out of their branch networks, more closings and relocations will occur. These changes create opportunities to capitalize on the inconvenience imposed on those customers who must make

adjustments to their lives.

A 90-day notice is typically required before a branch can be closed. This is the prime time to let nearby residents know that another facility and its products offer a better solution.

Using Life Stage Data

Life’s major moments provide ample opportunity to deepen financial relationships. The challenge has been to get in front of people when these events are happening and the need for an additional product is high. The technology now exists to identify customer households that have recently experienced a marriage, birth, divorce, death, sale of real estate, etc.

All these events can generate a “What should I do now?” moment in the minds of consumers. Putting these opportunities in the hands of customer-facing personnel will help initiate conversations that will provide a significant benefit to consumers and generate additional new accounts as well.

Recent Bank Marketing Conferences

The WordCom team attends several events and conferences throughout the year. Most recently, they participated in the ABA Bank Marketing Conference as well as the New England Financial Marketing Association (NEFMA) 2016 Fall Results Conference.

“WordCom is very involved with both organizations, as well as a long-time sponsor,” said Tim Berger, Senior Vice President, “so they are great opportunities to meet with existing and potential clients.”

This year’s ABA Bank Marketing Conference was held in Nashville, TN and was widely regarded as one of the better conferences in recent memory. Many attendees agreed that the topics and the speakers were right on point and loved the opportunity to take in some great music while visiting Nashville.

The NEFMA Fall Results Conference was held at the Hartford Marriott, in Downtown Hartford, CT. The featured speaker was Jill Castilla, President & CEO of Citizens Bank of Edmond (OK), who spoke

to the group about ways to connect and grow a brand through social media.

Shown below, the WordCom booth at the ABA Bank Marketing Conference.





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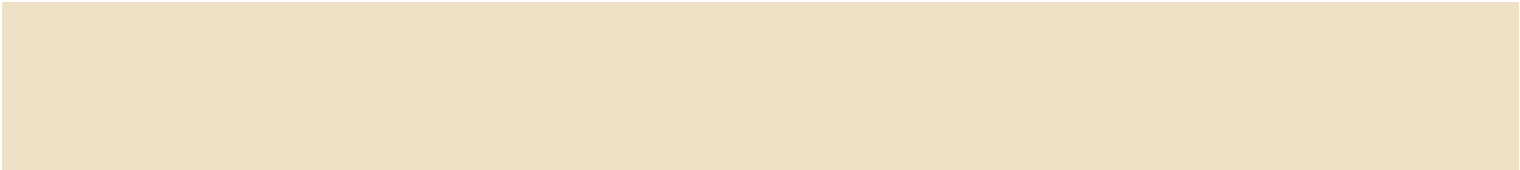
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INSIDE THIS ISSUE

- Data Appends: What's Available and How to Use it1-2
- Product Conversions: Communication Opportunities 2
- Customer IQ 3
- Measuring a Marketing Program 4
- Using Data Intelligence to "Connect" with Customers 5
- How to Get Mail Opened 6
- WordCom Launches New Look Website 6
- Checking Acquisition: Timing is Everything 7
- Recent Bank Marketing Conferences 7



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