

Marketing Minutes

VOLUME 4 ISSUE 2

The Key to Selling Equity Lines

What is the secret to selling more equity lines/loans this year? According to WordCom's George Wachtel, "The answer is to have an ongoing marketing program that maximizes the potential within an institution's database and reaches qualified new prospects."

Many financial institutions have successfully sold Totally Free Checking accounts with a year-long program, using repetitive mailings to targeted audiences. "Now banks and CUs can do the same to sell equity lines, by using WordCom's unique HeLock™ program to structure a campaign that has all the elements of a total marketing effort."

"Many marketers are realizing there is still great potential within the equity line market, with only about half of the households having the product," says

George Wachtel. "And they also realize there are very few limitations as to the time of year this flexible product can be sold."



The year-long program would mail to both customers and prospects regularly, four to six times throughout the year. The creative approach would change, depending on the season: post-holiday bills, spring renovations, back to school expenses, and pre-holiday planning/remodeling.

Account Opening Gift: To help distinguish this effort from other bank's equity programs, an account-opening gift would be offered. Each institution would choose between the selections available to match their market.

In-Branch Signage: Counter cards will be provided for each mailing cycle. The counter cards would tie into the seasonal theme and graphics used in the program.

Website Landing Pages: To coordinate all efforts, a compatible and easy-to-use website landing page will be part of the program.

Sales Tracking: To measure success, detailed sales tracking would start two months after the first maildrop and would report results every two months after that, showing both each mailing and cumulative tracking – by branch.

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Elements of the HeLock™ Program

Target Markets: The institution's database would be analyzed and modeled to identify the best cross-sell potential. And then in the marketplace, demographic selections would be used to find look-alike new prospects to mail to.

Mailing Package: Three different mailing package options would be rotated through the program: four-color postcards, four-color self-mailers, and a personalized letter/envelope package, emphasizing an institution's unique branding.

As interest rates continue to rise, both consumers and financial institutions will start to feel a squeeze. Consumers will need to have a way to reduce their monthly payments with a lower-rate product, like an equity line. Both banks and CU's will be safer marketing loans that are variable and float with the prime rate.

"Bank marketers have many projects and priorities to juggle," observes George Wachtel. "They could rest easier knowing at least one sales goal is being addressed all year long. A *total direct marketing program* like this HeLock™ can help unlock an institution's equity potential."

Car Loans Drive Profits!

DCU's Auto Center combines consumer education with competitive rates and a full range of services.

By Charles Gross, Vice President

“We are committed to our members’ financial well-being. That’s why we give them the tools they need to be savvy consumers,” says Tim Garner, Vice President of Marketing and Strategic Planning for Digital Federal Credit Union (\$2.6 billion) based in Marlborough, MA.

At the Auto Center on DCU’s website (dcu.org) is a wide array of services designed to help members avoid the pitfalls that exist in every new car showroom and used car lot. Some of the links are educational, such as the *StreetWise* program that teaches auto buying strategy.

Also available are links to CarFax®, which provides the history of a used car and NADA, where new and used car prices can be found. The site also includes financial calculators, online loan applications and a link to DCU’s auto insurance affiliate.

Rounding out this offering is the Second Chance Car Loan. Says Garner: “Our research shows that many people buy the car they want based on the size of the monthly payment.



All too often their car loan rate is higher than their credit history warrants.”

DCU makes it easy to refinance a car loan. All that’s needed is some basic information about the current financing package. Within minutes, the DCU staff calculates what the interest savings will be with a competitively-priced Second Chance Loan. On average, DCU members save over \$2,000 in interest charges, which dramatically lowers the total cost of vehicle ownership.

The Second Chance Loan product is extensively promoted using targeted direct mail to members who have car loans elsewhere. According to Marketing Manager Linda Gousie, “Direct mail is the most cost-effective way for us to reach these members. We make it very easy for them to respond and save.”

Customer Retention/Attrition

By John Scoble, Vice President

Proactively cross-selling existing customers is important. But equally important is protecting balances from run off and even total account closings.

As a side benefit to the WordCom and Customer Intelligence Bank Intelligence Scores™, new intelligence emerged from the study as to the extent of this problem/opportunity at most banks.

“What has really caught everyone’s attention are the scores for identifying attrition,” reports Dr. Andy Daniell of Customer Intelligence. “Other systems can identify customers leaving the bank, but it is **after** the customer has already pulled their funds. What these scores can help with is taking action *before the customer has walked out the door.*”



Dr. Andy Daniell

Banks and CUs can take various courses of action with this information. If there is a call center, the information can be distributed there. Even better is the use of Personal Branch Managers/Bankers making such calls to their customers.



Target marketing can also be used if the scored list is too large, allowing personal calls to only a select group as a follow-up.

This new marketing intelligence comes after years of similar research in the credit scoring field. “When credit scoring began,” comments Dr. Daniell, “there was a sense of skepticism about the validity of those models. But now, every financial institution relies on those scores for making marketing and underwriting decisions. The Bank Intelligence Scores attrition models will be proven as equally valuable as we continue to tighten the scores with more and more bank’s customer transaction information.”

The opportunity to explore customers at risk is part of the WordCom/Customer Intelligence Bank Intelligence Scores™ analysis. An overall customer database analysis helps banks/credit unions better understand the “big picture” of how they stand compared to the industry, as well as what their opportunities are within their own database for cross-selling second product needs.

What do you do at a career crossroad, having spent most of your professional life as a bank marketer?



Bill Andrews

“I had done bank marketing for 20 years and was very comfortable with the delivery system, all the products and regulations,” Bill said. “But I took a long look at the things I knew and thought about how they could be transferred to another environment.”

During the time he was Director of Marketing at Union Planters Bank, he shared an advertising agency (The Ramey Agency) with Viking Range. “While our bank marketing was effective,” he remembers, “Viking was always doing the fun and mold-breaking marketing.” So he made contact through

the agency and became the quality range maker’s new Marketing Communications Head early last year.

“The biggest difference I see is that this company really understands branding and that the buying decision is really impacted by emotion. Viking has been described as “a lifestyle brand that delivers love, romance, joy, memories.” Bankers are more fact and numbers driven, selling on price. We forget we need to carve out our own niche and think about our path “rather than what our competitors are doing,” Bill suggested.

“While there is a real comfort level staying in the same industry,” he thought, “most all of the bank marketing skills are easily transferred to another industry. If someone is well grounded in basic marketing, they can analyze the strengths of a product, find the right target market and create good marketing materials.”

“One advantage that bank marketers have is the knowledge of database marketing. Many other industries are not as advanced in their pursuit of cross-selling to current customers.”

Bill is a graduate of the University of Mississippi and the ABA School of Bank Marketing, Boulder, CO, 1988.



By Cathy Smith, Vice President

How do you successfully launch a new branch? With ribbon cutting and speeches or with a targeted marketing promotion?

Union Bank & Trust, a community bank of 30 branches in Virginia, has tried several grand opening models. The most frequent had a money-ribbon cutting, a board member making a speech, presentation of the money-ribbon to a local charity and refreshments for anyone attending.

According to Deborah Usry, Executive Vice President of the bank’s advertising agency, Boisseau Partners, “Rarely was there an audience outside of employees, and the promotion was not particularly successful; but the model has changed!”

“We now use TreasureChest promotions for Grand Opening celebrations. The direct mail piece with the key arrives in 10,000 nearby homes two weeks prior to the Grand Opening event,” she explains. “The mailing promises not only a chance to win nice prizes and banking specials, but it also promises a celebration on Grand Opening Day.”

On that day, the branch provides refreshments from a favorite local restaurant, give-away items for everyone attending,

a Jump-Climb-On-Slide inflatable attraction for children, a radio remote and gifts to those who open accounts. The winning keys promise one lucky visitor a \$1,000 home entertainment center, as well as three second place prizes valued at \$50 and three third place prizes valued at \$25.



Deborah Usry

“Grand Opening Day brings many people into the branch. Prospects who come and try their keys stay for the morning event. Accounts are opened. The branch looks its best. Extra employees are brought in. Employee spouses even turn out and help serve food,” Usry reports.

“The event has the feeling of a fair,” Usry adds. “People enter the second chance drawing, providing an opportunity for follow-up and cross-selling.”

“Yes, the direct mail piece and the concept is strong, but we support it with colorful postcards handed out to customers and prospects inviting them to the celebration. Yes, we do spend more money than with our older model. But, what we have created is a celebration for the community “not a celebration for the bank.”

When to Use Postcards

They are colorful, easier to design, and less expensive. But when are the right times for financial institutions to use postcards in marketing?

In designing a direct marketing program, one of the first considerations is the choice of the mailing package. It could be anything from a 3-D item in a box to a traditional letter in an envelope, a four-color self-mailer, or a simple postcard.

Here are some of the key factors to consider in making that decision:

Target Audience - Mailing to the upscale/affluent market is not likely to include a postcard. This market segment views themselves as warranting a 'personalized' communication from a financial institution. So, postcards are used more when mailing to the 'mass market.' While permissible to mail postcards to existing customers, they are likely to be used with new prospects.

Product Being Sold - Postcards are best used with products that have a simple and easy to understand sales message. Selling CDs with a rate message or Totally Free Checking with a free gift are two kinds of programs that lend themselves to the 'short form.' Anything that requires some detail and explanation is better suited to the letter format.

Limited Budget - No question, mailing postcards is the cheapest form of direct mail marketing. So if the budget is extremely limited, this is a good choice. The flip side is also true: this is the cheapest form of mail marketing and can be perceived as such by the reader. While a traditional

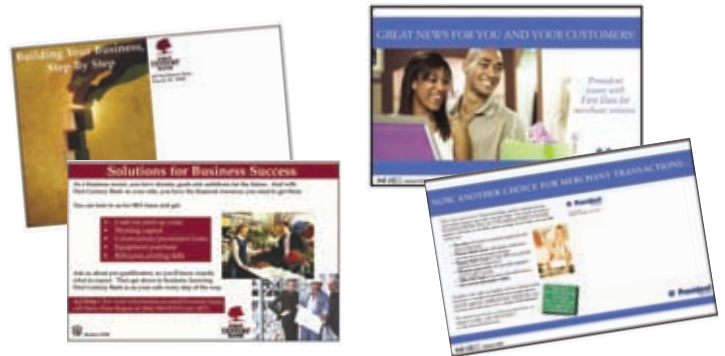


George Wachtel

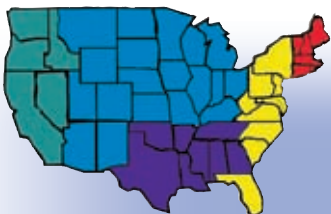
letter/envelope mailing package can cost \$.75 to \$1.25 (depending on mailing quantity and complexity), a nice four-color postcard can be mailed for a fraction of that price.

Combination Mailing - Postcards are excellent to use in combination with a letter/envelope mailing package as an "alert mailing" or a "reminder/last call" mailing. They can go out a couple of weeks in advance of a traditional mailing, teasing or alerting the prospect to "watch for the mailing that you will be getting shortly that includes..."; or a few weeks after another mailing reminding the reader of the great offer and/or expiration date.

A well-designed postcard can quickly communicate a positive sales message that supports a total marketing program – when used at the right time and with the right audience.



Contact Your Regional Marketing Consultant Today!



To request more information about our services, you can reach us at:

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