

PROFITABILITY FOCUS SUCCESS MULTIPLE FINANCIAL INSTITUTIONS

CHALLENGE: Grow market share of profitable products, increase customer wallet share. Less than 20% of bank customers provide over 80% of the profits. Targeting profit potential was key. Profits are driven by specific product usage and balances maintained. Higher balances accounts lead to improved bank profitability (except in the case of CDs).

SOLUTION: Redefine marketing strategies by focusing on *household profit potential* as opposed to marketing individual products.

Focus on demographics which predict product usage propensities.

We identified demographic and usage data predicting use of *multiple* high profit products and selected those households with the highest potential for profitability improvement.

Adopt a household-centric marketing strategy (versus a product-centric approach).

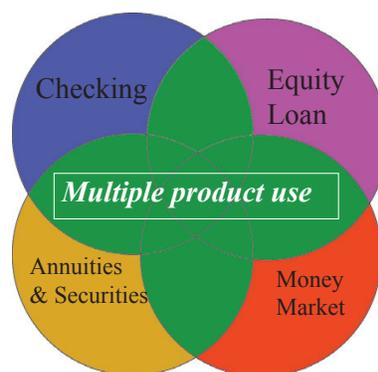
Profitability of a household can be predicted from their use of and balances in *the four most profitable products*. Households with high propensities to use multiple profitable accounts and keep higher than average balances were the wisest investments for marketing resources.

Integrate the various product marketing efforts. Once the target was identified, marketing efforts for different products were considered part of a single household campaign.

Creation of multi-cel marketing efforts using variable data to customize offers. Target households were divided into groups. Communications and direct mail was customized to directly address customer needs, account for products they already held, those were timed for renewal, and “the most likely next sale” as observed in similar clients. The resulting mailing customized the products and rate offers made with up to 16 variations per mailing.

RESULTS: By focusing on specific types of growth, institution profits grew faster. Both Atlantic Credit Union and First Financial Bank saw increases of average number of accounts per household and average household incomes in the target groups. Profitability for these groups improved as well. Aggregate balances in Home Eqy Loans and Lines improved greatly. Average Checking balances also showed substantial improvement.

By focusing on household profitability instead of individual product sales, we changed the foundation of our marketing efforts. With our new focus, we created greater impact due to increased frequency and consistency of contact to highest profit households..



Traditional bank marketing is product-centric and targets households most likely to buy a single product. Using a household-centric approach instead, we focused on households most likely to be profitable users of two or more of the bank's highest profit products.

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