THE ART AND SCIENCE OF DATA-DRIVEN PERSONALIZATION

KNOW YOUR CUSTOMER

Introduction

For banks and credit unions, building customer/member relationships in this new, hybrid world that we live in is a complicated combination of using personal and digital touchpoints. Personalization is the process of delivering relevant and tailored messages to customers or members based on their individual preferences, needs, and behaviors. Personalization can help banks and credit unions improve customer or member satisfaction, loyalty, retention, and profitability. However, personalization is not a one-size-fits-all solution. It requires a careful balance of art and science, combining human insight and creativity with data and technology.

In this whitepaper, we will explore how to building effective accountholder relationships in this complicated world using digital touchpoints to significantly supplement personal ones. We will discuss how data and artificial intelligence (AI) can enable effective personalization, but also pose challenges and risks that need to be addressed responsibly. Finally, we will showcase technology that can help you solve a significant portion of this puzzle - to achieve your personalization goals at scale to achieve growth in profitability while also building trust and loyalty.

The Art of Personalization: Understanding Your Accountholders

The first step to personalization is to understand your customers or members as individuals, not as segments or averages. You need to know who they are, what they want, what they need, and how they behave. You need to empathize with their pain points, aspirations, and emotions. You need to anticipate their needs and expectations and deliver value at every touchpoint.

This is what financial institutions did (and still do) when account holders visited a branch, especially when they do so for something more than a quick transaction. These opportunities for in-person meetings can be characterized as personal touchpoints.

In the new hybrid digital world, these personal touchpoints need to be supplemented and complemented with digital touchpoints that are also personal. To do this, one needs to collect and use account holder information to personalize these digital touchpoints. Depending on the scale, size and scope of a financial institution, how this is done can range from something fairly straightforward to something highly sophisticated in terms of data collection, access, management and use.

Highly sophisticated account holder data can cut across all of the following areas and smaller operations may opt to use some of the data below.

- ✔ Demographic data: age, gender, location, income, education, etc.
- ✔ Psychographic data: personality, values, attitudes, interests, lifestyles, etc.
- ✔ Behavioral data: transactions, interactions, channels, devices, etc.
- ✔ Feedback data: surveys, ratings, reviews, complaints, etc.

However, data alone is not enough. You also need to apply human insight and creativity to interpret the data and generate meaningful insights. Qualitative methods, such as interviews, focus groups, observations, etc., can complement the quantitative data. Buyer personas that represent your ideal customers or members based on their goals, challenges, motivations, and preferences are also being generated and used. In addition, some organizations map out their customer or member journeys across different stages and touchpoints. This helps to identify the moments of truth where you can make a difference in their experience.

The Science of Personalization: Leveraging Data & AI

The second step to personalization is to leverage data and AI to deliver relevant and tailored messages to your customers or members at the right time, through the right channel, and in the right context. You need to use technology to automate and optimize your personalization efforts across the entire customer or member lifecycle.

To do this, you need to use tools and techniques such as:

- Data integration: consolidating data from different sources and systems into a single platform
- Data quality: ensuring data accuracy, completeness, consistency, timeliness, and validity
- Data analytics: applying descriptive, diagnostic, predictive, and prescriptive analytics to generate insights from data
- Data visualization: presenting data in graphical or interactive formats to facilitate understanding and decision making
- AI: for example, using machine learning (ML) models to enable intelligent functions such as segmentation, clustering, recommendation, personalization, etc.

However, data and AI also pose challenges and risks that need to be addressed responsibly. You need to consider factors such as:

- Data privacy: protecting the personal information of your customers or members from unauthorized access, use, disclosure, or destruction

- Data security: safeguarding your data assets from cyberattacks, breaches, or thefts

- Data ethics: adhering to the principles of fairness, transparency, accountability, and explain ability in your data practices

- Data regulation: complying with the laws and regulations that govern data collection, processing, storage, and transfer in different jurisdictions

Understanding Different Types of Data

Data is not one unified blob. There are multiple, diverse types of data and in a world where data volumes are growing by leaps and bounds, it plays to understand some basics about

different kinds of data that can be used for personalization. Here are the main types of data available for personalization platforms:

Zero-party data: This is data that a customer provides freely and explicitly to a company, such as their preferences, interests, needs, or feedback. This type of data is valuable because it reflects the customer's intent and consent and can help create trust and loyalty. For example, a customer may fill out a survey or a quiz on a website and share their preferences for products or services.

First-party data: This is data that a company collects directly from its own customers or visitors, such as their behavior, actions, transactions, or interactions on the company's website, app, email, or other channels. This type of data is reliable and accurate because it comes from the company's own sources and can help create personalized and relevant experiences. For example, a company may track a customer's browsing history or purchase history on its website and use it to recommend products or offers.

Second-party data: This is data that an organization collects directly from its audience and then sells directly to another company. It's essentially another organization's first-party data. It may include data from activity on websites, apps and social media, in-store purchase history, survey responses and more. To purchase second-party data, you need to have direct interaction with the organization that collected the data.

Third-party data: This is data that a company obtains from external sources, such as data providers, aggregators, or partners, that have collected data from other websites, apps, or platforms. This type of data is useful because it can provide additional information or insights about customers or segments that the company may not have access to otherwise and can help expand the reach and scope of personalization. For example, a company may use third-party data to enrich its customer profiles with demographic or firmographic data, such as age, gender, location, income, industry, etc.

Fourth-party data: This is data that a company obtains from another company that has access to third-party data sources. This type of data is similar to third-party data, but it may offer more flexibility and customization options for the company that uses it. For example, a company may use fourth-party data to access specific niche or vertical data sets that are relevant to its business or industry.

While the above provides you information on the types of data that can be used for personalization, we have an ever-evolving set of regulations that need to be adhered to in order to use this data ethically and responsibly.

In many organization, customer data is distributed across separate, disconnected systems typically managed by different stakeholders. In mid to large sized organizations, investment in a Customer Data Platform (CDP) can address these issues. A CDP is centrally managed and contains valuable customer data in a flexible and unified model. This can then be used to develop an addressable customer identity for each individual account holder that can be used consistently across channels.

The Pitfalls When Data is Not Utilized Responsibly

There are several examples of using data that are downright creepy. Laws and regulations are evolving to address these, but bad actors will remain. For the rest of us, it pays to be highly responsible, transparent and ethical when using data for personalization. The benefits of this are that the recipient of your personalized communications will actually find value in what you communicate and act or react in a way that is positive for them and your organization.

Some challenges of using data for personalization are these considerations:

- **Accuracy and Reliability** – How accurate, reliable, and up to date is the data that you are using or plan to use? This is especially important to evaluate with 3rd party data as it is collected from external sources that may have different standards, methods, or purposes of data collection and processing.
- **Relevance** – Is the data relevant, specific, or granular enough for your application? Or is it based on aggregates or averages that may not reflect the individual preferences or needs? Again, depending on the use case, aggregates may suffice. But it pays to evaluate and determine this.
- **Privacy and Security** - Third-party data especially may pose privacy, security, ethical, and regulatory risks, as it may involve unauthorized access, use, disclosure, or transfer of personal information of customers without their consent or knowledge. Of all of these, considerations, this must be treated with utmost seriousness and focus.

How Technology Can Help You Achieve Your Personalization Goals

Marketing automation technology platforms are available today to enable financial institutions to uncover opportunities and build strong personalized communications systems.

Well-rounded platforms will not just deliver outstanding digital experiences to consumers but also be easy to implement and use and prove through metrics that positive results are being achieved.

Characteristics to evaluate when selecting the platforms include all of the following:

1. Use of multiple data sources for accurately directing and personalizing communications

2. Ability to design campaigns once and use them in multiple channels consistently

3. Support of multiple channels including web, email, text, online banking, mobile banking, bill-pay, eStatement portals and more

4. Easy integration with open APIs

5. Ensuring data privacy and security by using encryption, authentication, and authorization techniques

6. Multiple methods for targeting such as rules-based, list-based, AI/ML predictive model based

7. Ability to prioritize campaigns

8. Captivating and compelling presentation of personalized communications

9. Ability to monitor performance with the aid of several metrics and KPIs

10. Reporting of results including how many individuals were reached, engaged and purchased products, and an estimate of revenue generated by campaigns.

11. Continuous innovation, focus and investment in marketing automation technology that makes it best of breed versus simply "good enough".

Case Study:

Jolt Credit Union's Digital Success with DeepTarget Brings Higher Member Engagement, New Product Sales and Reduced Marketing Costs

This section covers an in-depth case study of a U.S. financial institution's digital consumer engagement strategy.

"We consistently make strides towards incorporating more and more technology in our strategies. DeepTarget has been invaluable to us in making real digital connections with our members. I am confident that our personalized offers make a high impact in our members' digital experiences."

Matt Devries
*Vice President of Marketing, Jolt Credit Union*

For this credit union, it all starts with the name Jolt! This reflects their energy and dedication to making a difference in the lives of everyone they help and serve. Jolt provides its members with the added boost necessary to empower and help them actively pursue goals and advance their quality of life.

That extra boost of energy from Jolt is driven by progressive strategies that take advantage of technological advances in the industry and Jolt certainly delivers!

By having a strategy that capitalizes on their valuable digital real estate within online and mobile banking combined with their knowledge of members with data and AI insights and DeepTarget's Digital Experience Platform (DXP), Jolt Credit Union has successfully increased member engagement and growth. When offers and messages are relevant and personalized, they are welcomed, and member needs are better satisfied.

Jolt Credit Union is headquartered in Saginaw, MI, and operates in a highly competitive market where several financial institutions are vying for a larger market share. This competition resulted in Jolt CU emphasizing the importance of fostering loyalty among its members and helping them attain their financial objectives by delivering an exceptional digital experience.

There has been a massive surge in online and mobile banking users, prompting Jolt CU to enhance its digital platforms to offer the most convenient online banking services to its members. Jolt CU set out to accomplish this goal by leveraging DeepTarget's Digital Experience Platform (DXP) to create compelling electronic campaigns focused on offering its current members additional financial products and services.
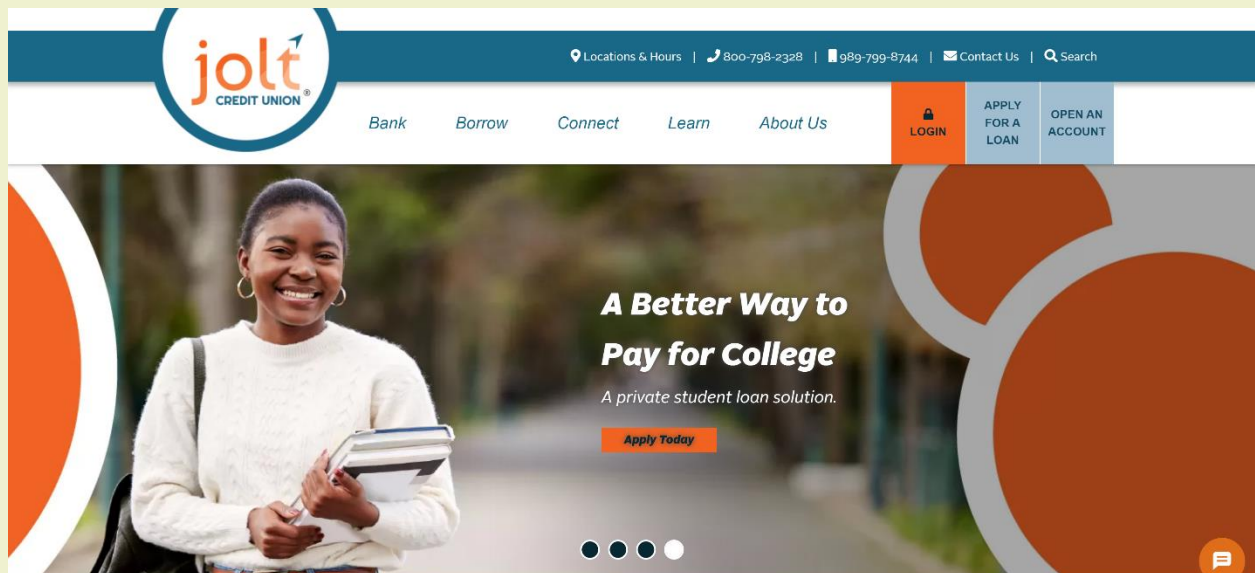

With DXP, unique "stacks" of offers for each member are computed every day. So, with a credit union of 1000s of members, there are 1000s of unique stacks computed every day based on the member information and the active campaigns at that specific time. Typically, 30+ campaigns are in use by credit unions, each using any one of 7 targeting options. This results being that ads with meaningful offers and messages are welcomed versus annoying when they are about what is needed or desired. These personalized product offers were unique and met the individual needs of each of Jolt CU's members, thereby enhancing their value proposition and fostering stronger member relations.

Driven by data and AI insights, these campaigns produced tailored products for specific members at the right time increasing the likelihood that the presented offers were meaningful to the recipient. Offers and messages were presented to members when they logged into and navigated through their online or mobile banking systems. This effective use of their valuable digital real estate that would have otherwise been wasted, not only increased revenue but also helped to establish a deeper connection between Jolt and its members, promoting higher levels of loyalty and retention.

Jolt CU is a technologically progressive credit union with clear digital strategies. They combine a consistent and clean brand with highly effective use of digital real estate and data to ensure that their member communications produce the results they aim for.

To illustrate this, we can review the campaigns they use for Jolt CU's teen debit card account offers. They ran different campaigns – one that appealed to teens and the other that appealed to parents of teenagers. These campaigns helped establish the CU as a trusted partner for young people's financial needs. The result of this campaign came in the form of significant increases in teen debit card account openings and was integral in establishing Jolt as a go-to financial institution for families with teenagers in their community.

Another very successful set of campaigns that they ran was to invite members who did not have Kasasa Saver accounts to open them. They ran separate campaigns for different age groups so that they could use appropriate messaging and images to attract their attention. They reached a total audience of about 20,000 members. As a result of these campaigns, they opened a total of 1372 Saver accounts – an incredible success by any standards!
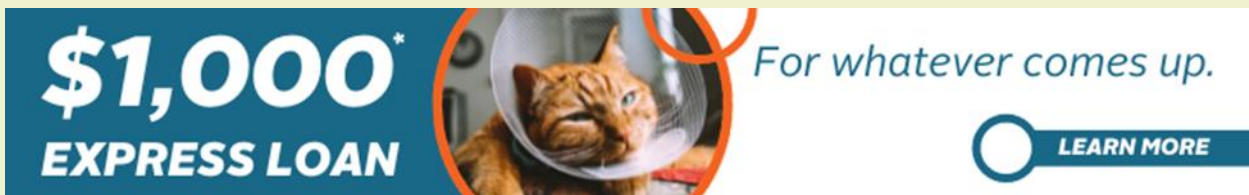
Underlying all of this, in order to achieve success, Jolt CU has built its digital marketing strategies on a keen understanding of its target audience's demographics and a decision to use the valuable digital real estate of their online and mobile banking platforms. Jolt CU effectively segmented its audience by age and other demographics, helping them to craft meaningful and personalized campaigns that corresponded with each group's wants and needs.

Jolt CU created a collection of professional and brand-consistent banner ads to display unique promotions and offers. All of Jolt CU's ads were shared through its online and mobile banking platforms, using relevant banner ads that were short, straightforward, and relevant to the recipient. Combined with this, the ads were also highly personalized and meaningful to specific target audiences resulting in positive results and successful outcomes.

Jolt CU typically runs about 36 campaigns at any given time. To ensure that each member is presented with the most pertinent campaigns, DeepTarget's DXP system cross-checks all the current Jolt campaigns against each member's profile. With the use of advanced targeting techniques in these campaigns, Jolt can guarantee that its members only see promotions and offers that align with their individual financial goals and resonate with them.

With Jolt's use of intelligent digital engagement techniques, they are able to:

- Focus on micro-moments that capture members' attention and intent at the right time.

- "Humanize" digital interactions and emphasize emotional engagement with their images, offers and messages to build trust and loyalty with their brand
- Integrate financial wellness messaging into the member journey that showcases the benefits and features of the financial products or services
- Customize and personalize the content and offers based on members demographics, and therefore their timely "financial story".
- Spread the love to Gen Z who are more likely to use fintech brands and digital channels.

Positive Outcomes!

Jolt CU ran 80 digital campaigns in 2022. This resulted in 390,813 unique impressions, 19,231 clicks, and 3,150 product sales influenced by these campaigns. For a credit union with a modest $450 Million in assets and about 27,000 members this shows a significant reach and highly successful outcomes.

Here is the impressive list of the financial products sales influenced by their electronic marketing campaigns within their online and mobile banking systems during the year:

- CD: 67
- Checking: 172
- Consumer Loan: 732
- Credit Card: 37
- HELOC: 2
- Mortgage: 94
- New Auto: 455
- Other: 110
- Savings: 1368
- Unassigned: 89

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Proof of Digital Success

FIs need proof that their digital communications program to engage and cross-sell is working. DeepTarget's newly introduced GrowthGrid™ reports on influenced sales conversions and estimated revenue generated to credit unions and banks.

Account Type	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Total	Total Revenue
Loans - Retail														
Consumer Loan	33	22	39	33	44	56	76	83	61	63	93	107	710	$355,000.00
Credit Card	7	15	6	6	1	0	0	0	0	0	0	0	35	$1,750.00
HELOC	0	0	0	0	0	0	0	0	0	0	1	1	2	$200.00
Home Equity Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Mortgage	7	7	6	11	5	11	7	13	9	7	4	6	93	$93,000.00
New Auto	34	35	31	37	39	47	38	39	44	39	35	34	452	$135,600.00
Personal LOC	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Recreational Vehicle Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Used Auto	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Deposits - Retail														
CD	0	0	5	1	8	2	0	5	20	13	4	7	65	$3,250.00
Checking	9	10	16	14	12	23	12	19	20	11	11	14	171	$569.43
IRA	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Money Market	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Savings	49	79	90	69	119	98	62	78	71	407	137	105	1364	$68,200.00
Commercial														
Commercial Credit Card	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Commercial Deposit	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Commercial Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Other														
Other	7	7	8	17	8	12	7	13	9	11	6	3	108	$0.00
Unassigned	5	4	11	7	2	4	12	7	2	5	18	12	89	$0.00
Total	151	179	212	195	238	253	214	257	236	556	309	289	3089	$657,569.43

GrowthGrid™ for $450 million FI *showing real results from their 2022 digital campaigns.*

Account Type	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Total	Total Revenue
Loans - Retail														
Consumer Loan	44	3	0	0	0	0	0	0	82	200	153	128	610	$305,000.00
Credit Card	0	0	0	0	0	0	130	180	127	61	1	0	499	$24,950.00
HELOC	12	11	9	3	0	0	0	0	0	0	0	0	35	$3,500.00
Home Equity Loan	0	0	0	0	0	0	0	0	7	26	53	43	129	$25,800.00
Mortgage	0	0	0	42	25	37	37	45	40	32	7	0	265	$265,000.00
New Auto	7	1	35	79	78	94	72	88	91	75	54	34	708	$212,400.00
Personal LOC	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Recreational Vehicle Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Used Auto	60	0	195	371	332	322	310	339	316	322	256	182	3005	$300,500.00
Deposits - Retail														
CD	0	0	0	0	203	255	271	326	336	513	669	836	3409	$170,450.00
Checking	52	29	58	44	40	63	74	88	31	33	50	50	612	$3,060.00
IRA	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Money Market	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Savings	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Commercial														
Commercial Credit Card	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Commercial Deposit	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Commercial Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Other														
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Unassigned	0	0	0	0	0	0	0	0	0	0	0	0	0	$0.00
Total	175	44	297	539	678	771	894	1066	1030	1262	1243	1273	9272	$1,310,660.00

GrowthGrid™ for $3+ billion FI *showing real results from their 2022 digital campaigns*

Conclusion

Personalization is the key to building customer / member relationships in the digital age. However, personalization is not a simple task. It requires a careful balance of art and science, combining human insight and creativity with data and technology. It also requires a responsible approach to data and AI, considering the challenges and risks that they entail.

When done well, data and AI driven personalization can transform marketing, making it a strategic growth and profit hub for financial institutions.

When ignored, marketing can be an overwhelming quagmire of silos, inconsistent communications and generic mass marketing messaging resulting in minimal results - costly in time and money.

When FI leadership does not recognize the huge value of personalization and the contemporary marketing technology that enables its effective use at scale, marketing as a strategic growth initiative will be overlooked. The consequences of this are not pretty as the financial institution will continue to languish in the traditional marketing quagmire, stagnating both growth and account holder relationships.
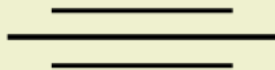
About DeepTarget

Powering the digital communication revolution for credit unions and banks with Growth as a Service (GRaaS), DeepTarget enables their growth of assets - deposits & loans, revenue, new members/customers, digital users, account holder relationships & loyalty and more. GRaaS is backed by a risk-free money-back guarantee and powered by their patented DXP currently deployed by 100s of FIs. It combines a skilled labor force and best practices to utilize data and AI insights from multiple data sources for a seamless, meaningful communications experience wherever, whenever and however their consumers bank. For additional information visit www.deeptarget.com and follow them on LinkedIn .