Smarter Segmentation, Stronger Relationships: A Midwest Bank's Journey to $240M in New Deposits

Pain Point

A bank in the Midwest with 7 billion in assets was looking to better understand their customers and deepen their relationship with customers who had capacity to do so.

Strategy

Review multiple third party data sources and select the most accurate data points from each. Identify the most relevant pieces of information to help understand a household's key drivers for all financial decisions: financial capacity (how much money does the household have?) and financial behaviors (what do they do with their money?).

Using the relevant third party data and first party data (account ownership, balance, tenure, etc.), build a custom segmentation system grouping households based on financial behaviors (Saver, Credit Consumer, Money Manager) and investable assets compared to the marketing footprint. Additionally, build predictive models to score each customer for the likelihood of owning each product as well as the likelihood to leave the bank.

Segmentation Cluster	Households Communicated	All Openings	All Openings Rate	All Openings Deposit Balance	All Openings Loan Balance
01: Very low assets	1,468	97	6.61%	$291,039	$551,926
02: Low assets, credit consumers	594	31	5.22%	$235,728	$45,258
03: Low assets, savers	977	58	5.94%	$278,050	$166,204
04: Low assets, money managers	1,496	102	6.82%	$1,460,746	$403,412
05: Moderate assets, credit consumers	2,486	166	6.68%	$1,373,365	$2,159,031
06: Moderate assets, savers	4,184	361	8.63%	$5,935,616	$2,783,037
07: Moderate assets, money managers	3,807	331	8.69%	$6,308,757	$2,775,443
08: High assets, credit consumers	3,587	365	10.18%	$6,047,182	$3,800,129
09: High assets, savers	6,768	886	13.09%	$24,710,360	$24,091,329
10 : High assets, money managers	4,341	535	12.32%	$20,537,111	$10,871,363
11: Very high assets, credit consumers	8,653	1,241	14.34%	$58,989,788	$15,651,990
12: Very high assets, savers	8,118	1,458	17.96%	$77,942,845	$10,924,769
13: Very high assets, money managers	4,381	751	17.14%	$36,624,703	$15,122,829
Total	42,358	6,382	15.07%	$240,735,289	$89,346,721

10-month results:

42,358
Households

6,382
Account Openings

15.07%
Account Open Rate

$240,735,289
Account Openings

$89,346,721
Households

$23
Account Openings

To make the information digestible, build a dynamic dashboard to view the information across product ownership, balance thresholds, and share of wallet, as well as across branch and market footprint. Create a communication plan to cost-effectively reach customers with high attrition risk or specific product needs across multiple channels such as digital display, social media, email, and direct mail. Execute an "always on" program to communicate to the top customers every month and track results following each wave of communications.

"We're thrilled about our partnership with WordCom and the EngagementIQ cross-sell program. Their in-depth data expertise plays a key role in making our cross-selling efforts highly effective. By connecting customers with the right products tailored to their needs, we help them achieve financial well-being while strengthening trust in our team."

- SVP of Marketing, $8 billion bank

Strategy in Action

After the data and dashboard work was complete, a strategy session helped get a deep understanding of the insights and opportunities within the data and how that should be applied to the client's goals.

To avoid "paralysis by analysis," a simple plan was developed to communicate 1 to 3 product offerings per month to the 10,000 customers most likely to need those products. The communications were to include three channels directly to the customer households: digital display, social media, and direct mail.

The 6,000 customers with the highest modeling scores received communications across all three channels while the remaining 4,000 customers only received digital display and social media but not direct mail. The program started in March of 2024.

Results

The first two months of the program saw all 10,000 customers receive offers for money market accounts. After that, mortgage and equity loan offers were included, so a smaller percentage of customers received the money market offer.

Creative Letter	4/3/2024	5/6/2024	6/11/2024	7/8/2024	8/6/2024	9/6/2024	10/4/2024	11/6/2024
CD						4,148		
Equity			4,215	4,220	4,138	4,069		
Money Market	9,957	9,659	1,075	1,022	970			
Mortgage			5,059	5,048	4,796	1,989		
Total	**9,957**	**9,659**	**10,349**	**10,290**	**9,904**	**10,206**		

22,975
Households Communicated

2,591
All Openings

11.28%
All Openings Rate

$88,377,785
All Openings Deposit Balance

$42,365,054
All Openings Loan Balance

142
Response Openings

0.62%
Response Rate

$9,058,384
Response Deposit Balance

$2,692,425
Response Loan Balance

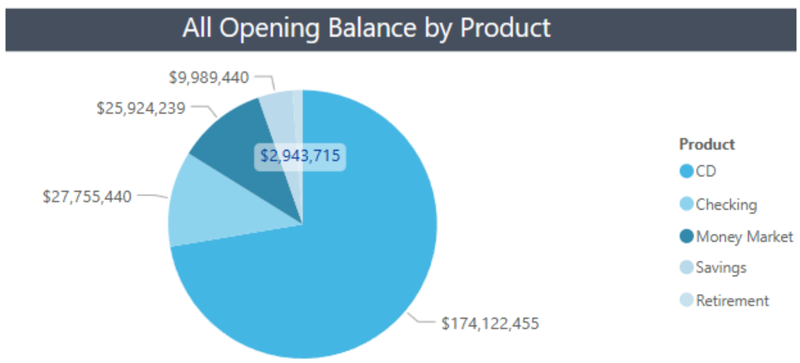
$30
v_All Openings Cost Per Acct

$77,315
v_MAILED_MAILED_UNIT_...

Creative Letter	4/3/2024	5/6/2024	6/11/2024	7/8/2024	8/6/2024	Total
Equity						
Digital			0.09%	0.09%	0.19%	**0.22%**
Mail-Digital			0.05%	0.10%	0.19%	**0.20%**
Total			**0.07%**	**0.09%**	**0.19%**	**0.25%**
Money Market						
Digital	0.12%	0.46%				**0.53%**
Mail-Digital	0.47%	0.92%	0.56%	0.39%	0.31%	**1.28%**
Total	**0.33%**	**0.71%**	**0.56%**	**0.39%**	**0.31%**	**0.99%**
Mortgage						
Digital			0.05%		0.16%	**0.11%**
Mail-Digital			0.03%	0.17%	0.07%	**0.14%**
Total			**0.04%**	**0.10%**	**0.10%**	**0.13%**
Total	**0.33%**	**0.71%**	**0.11%**	**0.13%**	**0.16%**	**0.62%**

The first five months of the program were very successful. From those communications, 22,975 unique households were reached and 11.28% opened an additional account. That resulted in over $88 million in deposits and $42 million in loans from those accounts at a cost of $30 per account.

Specific to the offers, the response rate was .62% resulting in $9 million in money market balances and $2.6 million in mortgage and equity balances at a time when those products were not particularly popular with consumers.



Starting with the September campaign, the money market offer was replaced with a CD offer and the volumes reallocated. This created an immediate uptick in the response rate as the CD offer received a 5.52% response rate resulting in over $21 million in CD balances.

At this time, the data from the previous six months was utilized to rebuild all of the product models to make them stronger. The result was a doubling of the response rate for the CD portion... the next two months saw a CD response rate of 14.55% and total CD balances of $78.8 million.