



Tapping the **\$7.5 Trillion Mass Affluent** Market



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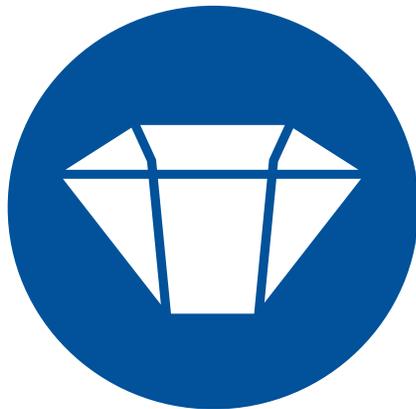
MARKETING SERVICES

Mass Affluents are growing in their importance to financial institutions. They've spent a lifetime working to build successful careers. Now that they're reaching the age of retirement, they have money, and in some cases — significant amounts of investable assets. For financial institutions, this presents a tremendous opportunity. Mass Affluents generate 60-70 percent of retail banks' total customer profits.¹



"Business Class"

Love their work, travel, shopping from high-end catalogs and classical radio.



"Family Fortunes"

Love their children, travel, tennis, skiing and high-end shopping.



"Power Couples"

Love eating in fine restaurants, traveling and upscale shopping.

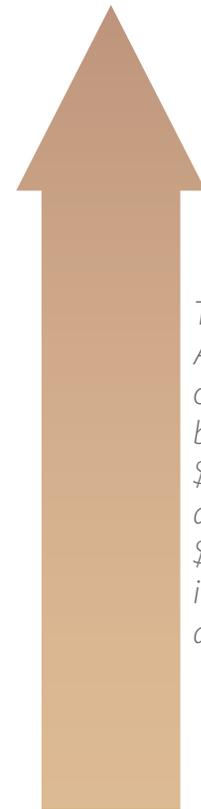


"Civic Spirits"

Like to volunteer, are part of their communities, and are engaged in politics and current events.

Past attempts to serve this segment, however, have been largely unsuccessful.² Financial institutions that understand how to effectively target and deliver desired services to Mass Affluents will have the greatest chance of success.

\$1,000,000



The Mass Affluent control between \$250,000 and \$1 million in investable assets.³

\$250,000

¹ pwc, *Wealthy, Young, and Ambitious: How Banks Can Profitably Serve the Rising Mass Affluent*, 2013

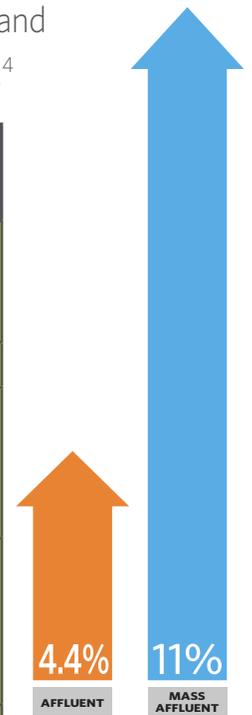
² Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012

³ BAI, *Engaging and Retaining Mass Affluent Customers*, 2014

Who are the Mass Affluent?

The majority of the Mass Affluent segment is comprised of baby boomers. Their wealth is not a result of inheritance, but has been amassed through saving and investing. They average more than \$100,000 in household income and between \$250,000 and \$1 million in investable assets. As a collective group, the Mass Affluent control more than \$7.5 trillion in investable assets.⁴

MASS AFFLUENT SEGMENTS							
Segment	 Globetrotters	 Business Class	 Power Couples	 Civic Spirits	 Family Fortunes	 Capital Accumulators	 Savvy Savers
Age	65+	50ish	45-54	65+	45-64	45-64	65+
Interests	Global travel	Business/pleasure travel High-end catalog shopping Classical radio	Global travel High-end retail shopping	Volunteering Civic events News Politics	Their children Global travel High-end retail shopping Luxury autos Skiing and tennis	Traveling abroad	Watching golf Coupon shopping
Income Producing Assets (IPA)	Variable rate annuities Government securities Corporate/municipal bonds	Keogh plans Cash management accounts Unit investment trusts	Well-diversified retirement accounts with options, stocks and mutual funds	CDs Corporate/municipal bonds Government securities Annuities for tax shelter	Futures and options Mutual funds Savings bonds	Securities Mutual Funds	CDs Money market funds Municipal bonds Fixed and variable-rate annuities
Financial Goals	Wealth preservation	Paying off debt Building nest egg	Wealth preservation	Wealth preservation	Paying off debt Saving for college Building nest egg	Growing retirement accounts	Wealth preservation
Investment Style	Risk-averse	Aggressive	Rely on asset managers, estate planners and full-service brokers	Conservative	Conservative	Pays for investment advice from brokers and planners	Cautious
Media	U.S. News & World Report	Business publications	Forbes Internet investment tracking	Televised news programs News/talk radio Mature market publications	Business publications	Wall Street Journal	Coupons



Not only does this segment have a lot of money, they also outnumber the affluent — representing 11% of U.S. households, compared to the 4.4% of the affluent.⁵

Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012
BAI, *Engaging and Retaining Mass Affluent Customers*, March 2014

⁴ BAI, *Engaging and Retaining Mass Affluent Customers*, 2014

⁵ Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012

Why Have Financial Institutions Failed to Make Deep Inroads with Mass Affluents?



Perhaps the failure to effectively market to Mass Affluents is due, in part, to singular messaging intended to reach the entire group.⁶ Grouping one segment of the population for the purpose of discussing total assets and income is fine, but financial institutions must dive deeper when targeting.

Mass Affluents have much in common, but it's what sets them apart that matters. Take, for example, the "Business Class." This sub-segment tends to live large, with high spending during their working years. However, towards retirement, they're likely playing catch up with their nest eggs, income-producing assets and investments.

On the other end of the spectrum you might find the "Power Couple." In terms of income-producing assets, they're set. While well-educated, they leave wealth management to investment professionals.

The "Civic Spirits" are not retiring anytime soon. They are generous in their communities, spending much time volunteering. When it comes to wealth management, they are conservative in their approach.

Mass Affluents demand a differential product and service experience.⁸

These three groups, as segmented by Nielsen, give us a glimpse into the diversity of the Mass Affluent.⁷ The number of sub-segments will vary according to which psycho-demographic segmentation you use, but one thing is true across the board — understanding their differing financial and communication needs is essential. This is a group who demand a differential product and service experience.⁸

⁶ The Financial Brand, *The Mass Affluent: An Elusive Bank Target*, November 5, 2012

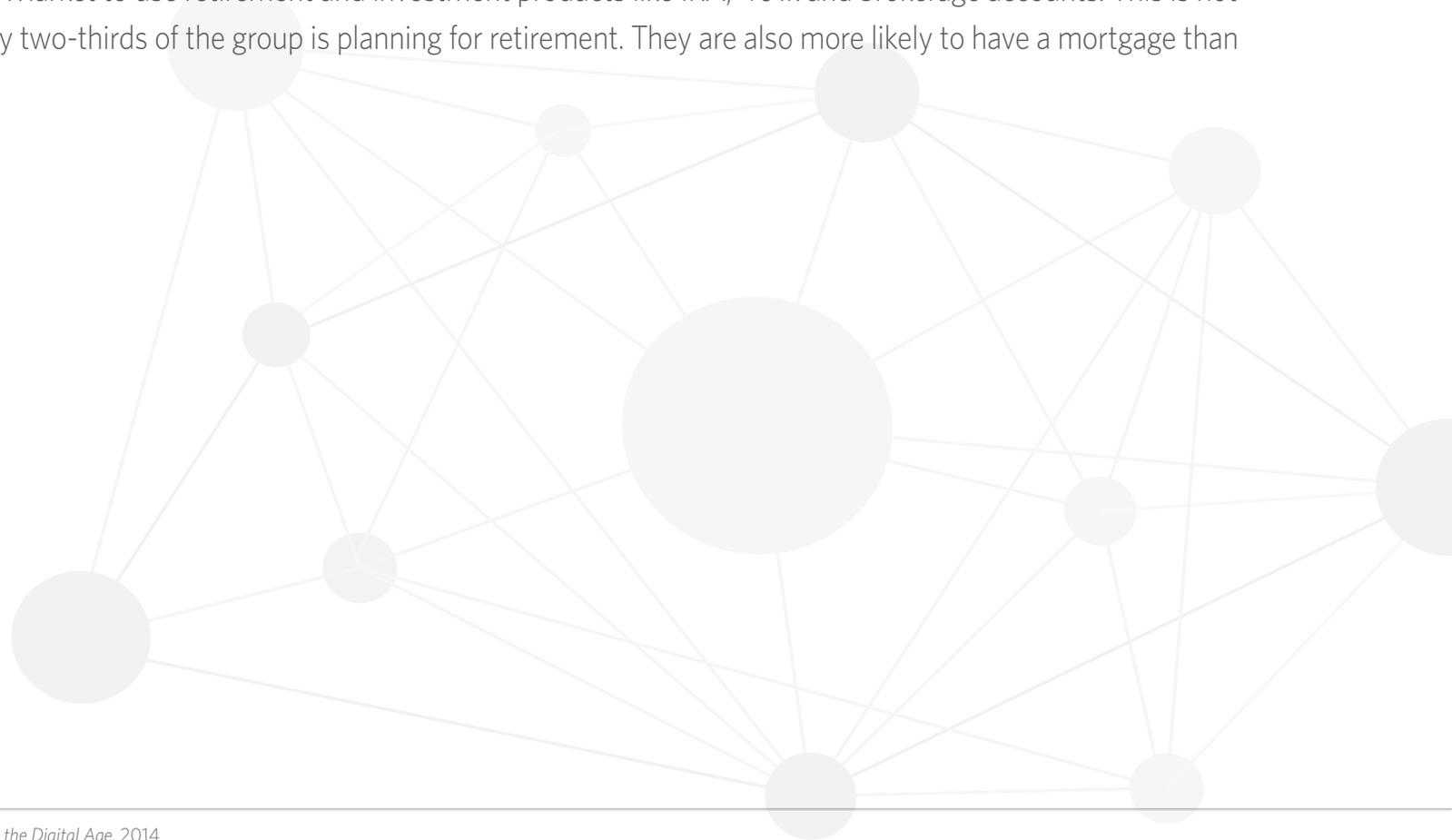
⁷ Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012

⁸ Merrill Lynch, *Merrill Edge*, 2014

What Do Mass Affluents Want?

Mass Affluents, like all other consumers, want to be seen as people, not an account number. They want to be recognized across all of their banking relationships and channels - especially in the branch. They also want to be rewarded for their relationships.⁹ Clearly, more personal, engaging approaches are necessary.

Top financial priorities of the Mass Affluent are protecting current assets (82%), managing household finances (67%) and saving for retirement (60%).¹⁰ Some financial products are more popular among Mass Affluents. For instance, they are more than twice as likely as the Mass Market to use retirement and investment products like IRA, 401k and brokerage accounts. This is not surprising, given that nearly two-thirds of the group is planning for retirement. They are also more likely to have a mortgage than the Affluent.¹¹

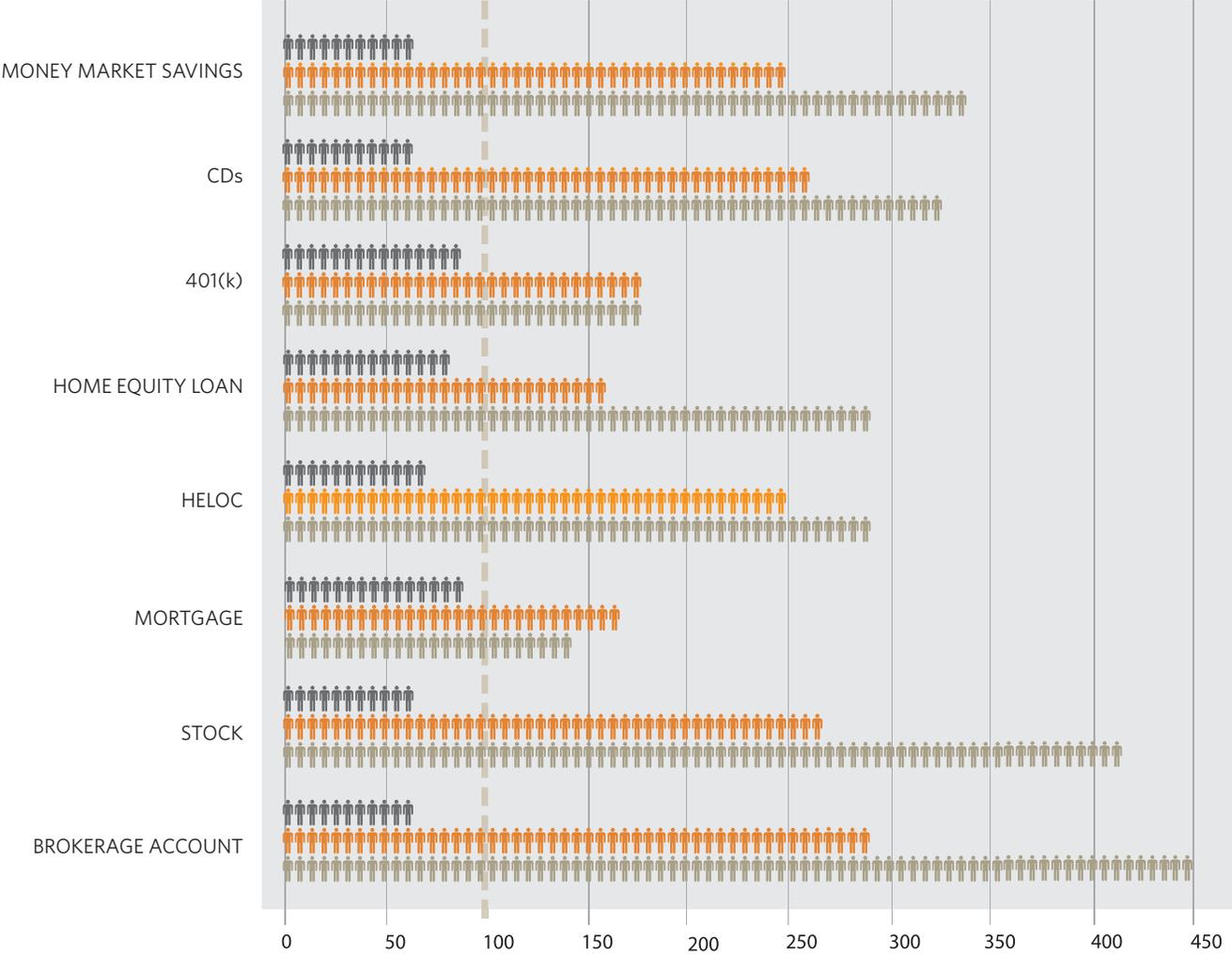


⁹ CGI, *Understanding Financial Consumers in the Digital Age*, 2014

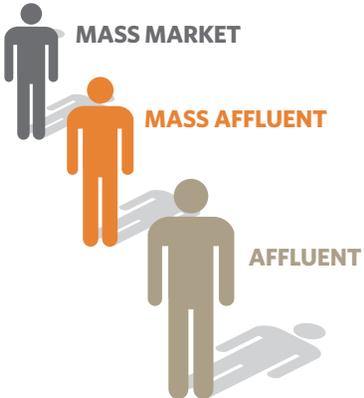
¹⁰ pwc, *Wealthy, Young, and Ambitious: How Banks Can Profitably Serve the Rising Mass Affluent*, 2013

¹¹ Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012

Mass Affluents want an integrated view of all accounts, with physical, virtual and mobile access. Delivery of these features must be easy-to-use, reliable and secure.¹² Providing 24/7 access and tools to manage their accounts is key in giving Mass Affluents control of their finances, as well as a satisfying experience with their financial institution.



Brokerage Accounts are nearly 3x more likely with the Mass Affluent than the Mass Market. Index of 100 = U.S. Average¹³
Nielsen Financial Track, 2011



Mass Affluents are more than 2x as likely as the Mass Market to use retirement and investment products.¹³

¹² Merrill Lynch, Merrill Edge, 2014

¹³ Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012

How Can Financial Institutions Better Tap Into this Market?

1. Know Your Customer

Analytics and Predictive Modeling are Key to Understanding Mass Affluent Sub-Segments

Because Mass Affluents represent such a diverse segment, they require a unique approach to connect with them in a meaningful way. Financial institutions have valuable customer data that can provide go-to-market intelligence. Analytics and predictive modeling can help them quickly gain greater understanding of account holder needs and preferences.

It's essential to establish sub-segmentation in order to address the nuances of a broader group. Additionally, analytics allow you to explore the nuances in meaningful ways — enabling you to market and message in compelling ways. Some techniques for gaining greater insight include:

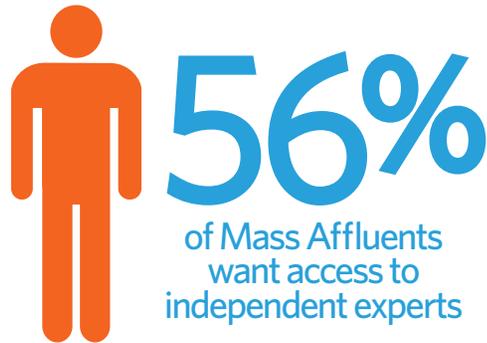
- **Value Segmentation** – Based on your own portfolio, develop detailed profiles on each sub-group that includes size, demographics, product usage, purchase potential and opportunity.
- **Attrition Measurement** – Examine attrition rates, attrition by number of products and attrition by tenure.
- **Product Assessment** – Determine product penetration, performance over time and cross-sell ratios.
- **New Account Holder Assessment** – Compare new account holder attributes against those of existing account holders with desirable profiles to assess potential.
- **Performance Benchmarking** – Benchmark segments at your institution versus the industry for product penetration, channel usage and balances.

A note about geographic location: A rising number of Mass Affluents live outside of large metropolitan areas. These new pockets of wealth give us key insights into determining market potential by making connections between earnings and assets owned and increasing our understanding of demographics.

Banks and credit unions can use analytics to help isolate different customer segments and replace a “one-size-fits-all” campaign with highly targeted messages — driving response. This approach helps financial institutions target the right message and product to the right customers.



2. Assign “Trusted Advisors” to High-Value Account Holders



Mass Affluents would appreciate an advisory relationship

In fact, 56 percent said they want access to experts.¹⁴ Although most Mass Affluents don't believe financial institutions can provide the investment advice they need, they do feel somewhat neglected by their investment firms.¹⁵ This presents opportunities for personal bankers or relationship managers to assist with planning for educational expenses, retirement, long-term care, trust and estate considerations, and other financial needs.

3. Embrace Needs-Based Selling

Selling solutions to customer problems is a key to success

Consultative or needs-based selling usually involves positioning a particular product or service as a solution for a problem that a prospect or customer is having. It requires obtaining key information about a customer before initiating a sale, including their life stage or upcoming life events. Unfortunately, when employees and marketing departments are under pressure to meet sales targets, consultative selling often breaks down to a transactional sale.

Giving personal bankers access to specific data about the account holder makes it easier for them to respond in a relational manner - to see Mass Affluent clients as individuals. For instance, predictive modeling that identifies products the account holder is most likely to buy next enables the advisor to anticipate and propose these solutions. It also enables them to provide the personalized attention Mass Affluents crave.

¹⁴ CGI, *Understanding Financial Consumers in the Digital Age*, 2014

¹⁵ The Financial Brand, *The Mass Affluent: An Elusive Bank Target*, November 5, 2012

4. Reach Your Mass Affluent Account Holders with the Right Marketing Mix

Analytics and Predictive Modeling are Key to Understanding Mass Affluent Sub-Segments

Understanding your Mass Affluent account holders' preferred modes of communication and reaching them through those means is integral to effectively promoting your products, as well as improving the way you conduct business with this group.

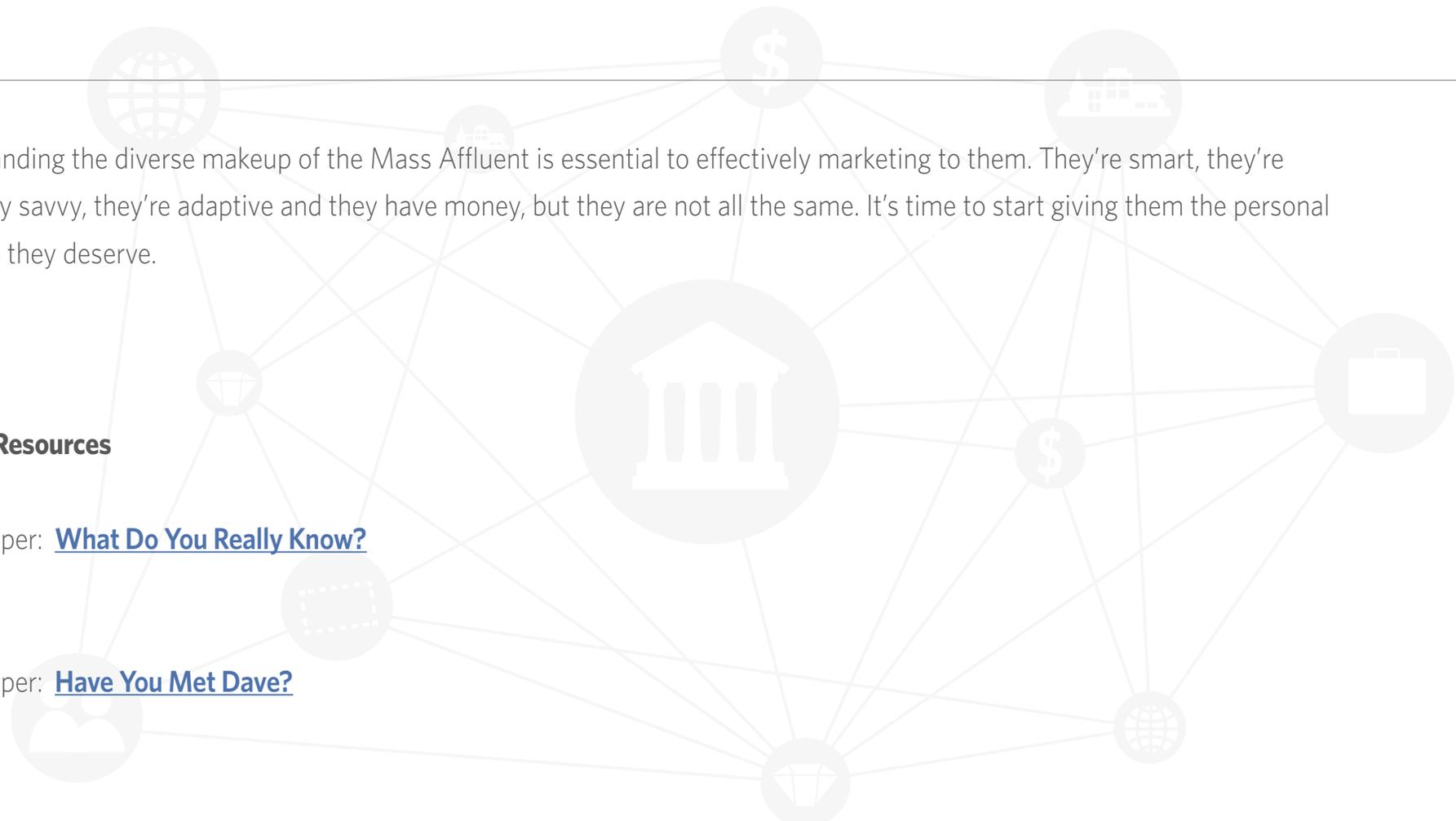
Mass Affluents make up the vast majority of print readers, preferring this medium for financial news and advice. However, they use the Internet to track their investments, pay bills and register gift cards. Though they are eight percent less likely to access the web using a mobile device, higher-income Mass Affluents spend as much time using financial apps on their mobile devices as they do the Internet.¹⁶

Some suggestions for media, campaign themes and messages — based on Nielsen's segmentation of Mass Affluents, their interests, and financial needs — might include the following.

Segment	 Globetrotters	 Business Class	 Power Couples	 Civic Spirits	 Family Fortunes	 Capital Accumulators	 Savvy Savers
Media	Direct Mail Internet	Direct Mail Email Internet Mobile	Direct Mail Internet Email Mobile	Direct Mail Internet	Direct Mail Internet Email Mobile	Direct Mail Internet Email Mobile	Direct Mail Internet
Campaign	Credit Card Utilization for Travel Mortgage Loan	Credit Card Utilization for Travel Mortgage Loan	Credit Card Utilization for Travel Mortgage Loan HELOC Activation/ Utilization for Home Improvements	Mortgage Loan	Credit Card Utilization for Travel Checking Acquisition for College-Age Children Mortgage Loan HELOC Activation/ Utilization for Home Improvements	Mortgage Loan Credit Card Utilization for Travel	Skip-a-Payment Credit Card Balance Transfers Mortgage Loans
Messaging Themes	"Protect Your Money" "Manage Your Finances" "Convenient Account Access"	"Grow Your Money" "Pay Off Debt" "Manage Your Finances" "Convenient Account Access"	"Get Professional Investment Advice" "Manage Your Finances" "Convenient Account Access"	"Visit Your Local Branch (events)" "Grow/Protect Your Money" "Manage Your Finances"	"Save for College" "Save Money" "Pay Off Debt" "Manage Your Finances" "Convenient Account Access"	"Get Professional Investment Advice" "Manage Your Finances" "Convenient Account Access"	"Save/Protect Your Money" "Get Lower/Better Rates" "Manage Your Finances"

Harland Clarke Marketing Services, 2015

¹⁶ Nielsen, *Affluence in America: A Financial View of the Mass Affluent*, 2012



Understanding the diverse makeup of the Mass Affluent is essential to effectively marketing to them. They're smart, they're financially savvy, they're adaptive and they have money, but they are not all the same. It's time to start giving them the personal attention they deserve.

Related Resources

White Paper: [What Do You Really Know?](#)

White Paper: [Have You Met Dave?](#)

Our strategic, data-driven marketing programs are designed specifically for financial institutions.

For more information about Harland Clarke Marketing Services, call **1.800.351.3843**, email contactHC@harlandclarke.com or visit harlandclarke.com/MarketingServices