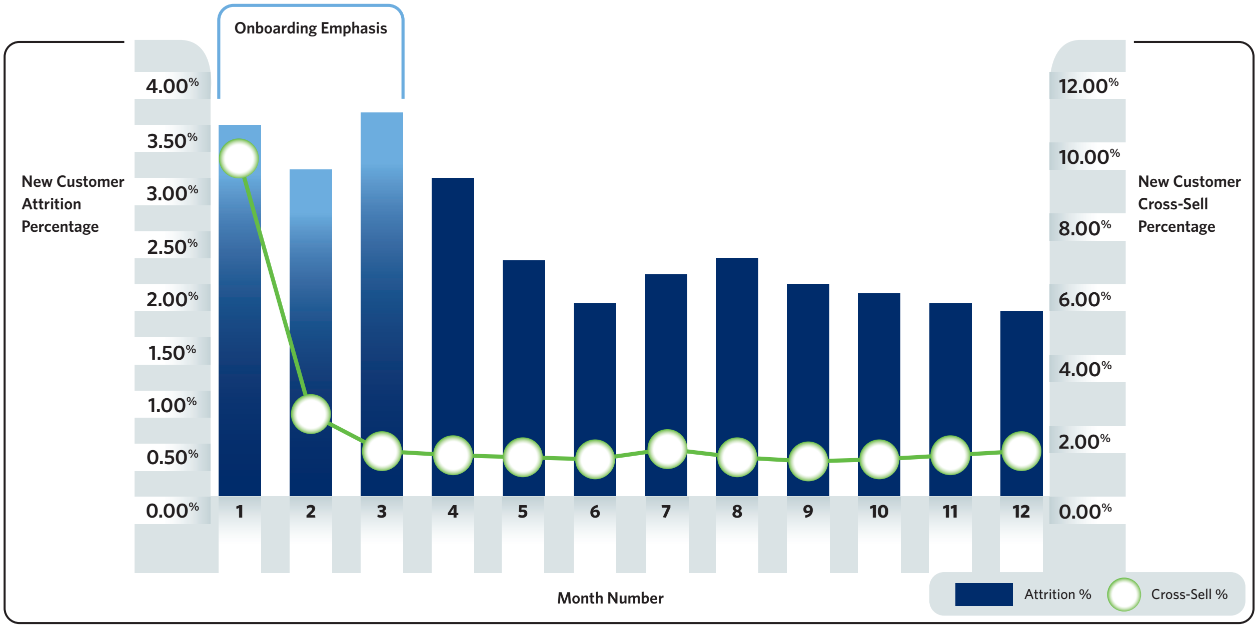
10 Strategies for an Award-winning Onboarding Process

In December 2011, Harland Clarke Marketing Services received the prestigious Gold Award for Marketing Strategies from the National Center for Database Marketing (NCDM) in recognition of the development and implementation of a new customer onboarding program in partnership with Zions Bancorporation. This designation was awarded to Harland Clarke due to the measureable results achieved in stemming attrition, building engagement, increasing share of wallet through cross-sales and generating new deposits. This white paper provides the foundation for building a similar program or enhancing a program already in place.

As has been documented in industry trade publications for years, from the first few minutes of an account opening through the entire first year, financial institutions are faced with a make-it-or-break-it window of opportunity. New account holders are the most likely segment to purchase additional products and services during this period. They are also the most likely to leave.

In fact, industry research has shown, time and again, that 75 percent of cross-sales occur within the first 90 days after an account is opened.[1] Therefore, it is critical to engage new account holders during this initial three-month period.

These same dynamics were found in the case of one client, where both attrition and cross-sell success were very evident in the early months of the relationship.



Source: 2008 Client Case Study

Maintaining contact with new account holders and ensuring a positive experience as they transition their relationship to your bank or credit union is imperative. Successful onboarding assists in this foundational communication process, stimulating engagement, prompting relationship growth, and turning new account holders into satisfied, profitable and loyal customers.

Effective onboarding helps stem attrition by establishing an early and meaningful dialogue with new account holders – enhancing and strengthening relationships from the very start to pave the way to a long-lasting, mutually beneficial relationship. This communication sets the foundation for continued dialogue through multiple channels that grows the relationship early.

Attrition during the first year ranges from approximately 35–45 percent — that's two times higher than the rate of attrition among established account holders.

Source: Harland Clarke National Relationship Database

Following are ten strategies that Harland Clarke Marketing Services has found to be the most effective and were paramount in the development and implementation of the award-winning program at Zions Bancorporation:

Strategy 1: Acquire the 'Right' Account Holder

Integral to an effective onboarding strategy is a good account holder acquisition process. Harland Clarke's research indicates that traditionally aggressive acquisition of new accounts without adequate targeting can result in abnormally high attrition rates (25 percent or greater).[2] Unfortunately, however, account holders in the market for a new account don't simply raise their hands for local banks and credit unions to see. Consumers usually only change financial institutions when they are dissatisfied with their current institution, have a life event (marriage, birth of child, etc.) or have moved.

The key is to develop a program that finds microgeographic areas where consumers are 'in transition' and match these areas with local branches that have had success opening new accounts. This process leads to improved targeting and a lower level of attrition at the outset. It also brings in new account holders more likely to respond to onboarding communication.

The surest way to engage new account holders and prevent attrition is through the implementation of well-executed, multitouch, multichannel onboarding programs. Programs that effectively engage new account holders from the very start and add value to their experience through improved customer service pave the way for continued growth and long-term profitability.

Strategy 2: Provide Relevant Communication, Early and Often

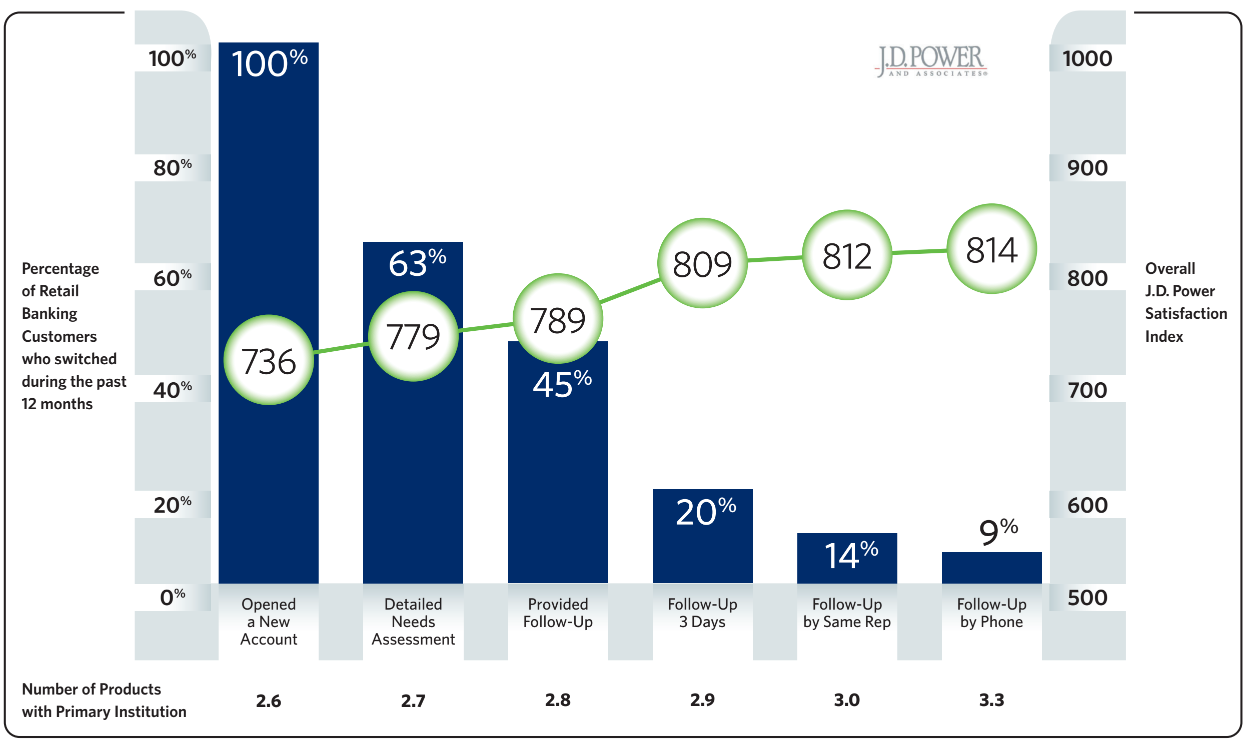
You don't get a second chance to make a good first impression which is why relevant communication must begin in the first week, with value-added messaging being delivered at least five times during the first 90 days. Delayed or no communications negatively impact retention as well as up-sell and cross-sell opportunities. The key to effective communication is relevant messaging. Account holders expect their financial institution to know them well enough to be able to anticipate their needs. If the messaging is irrelevant, account holders will see their financial institution's communications as a nuisance (or the dreaded junk mail) which, not surprisingly, negatively impacts retention as well as up-sell and cross-sell opportunities.

During the account opening process, financial institutions should discover, at minimum:

- Why the account holder opened the account
- The new account holder's primary financial goals
- Who the primary decision maker is on the account
- The preferred channel of communication
- What type of accounts the customer or member holds elsewhere (setting the stage for future communication and product offers)

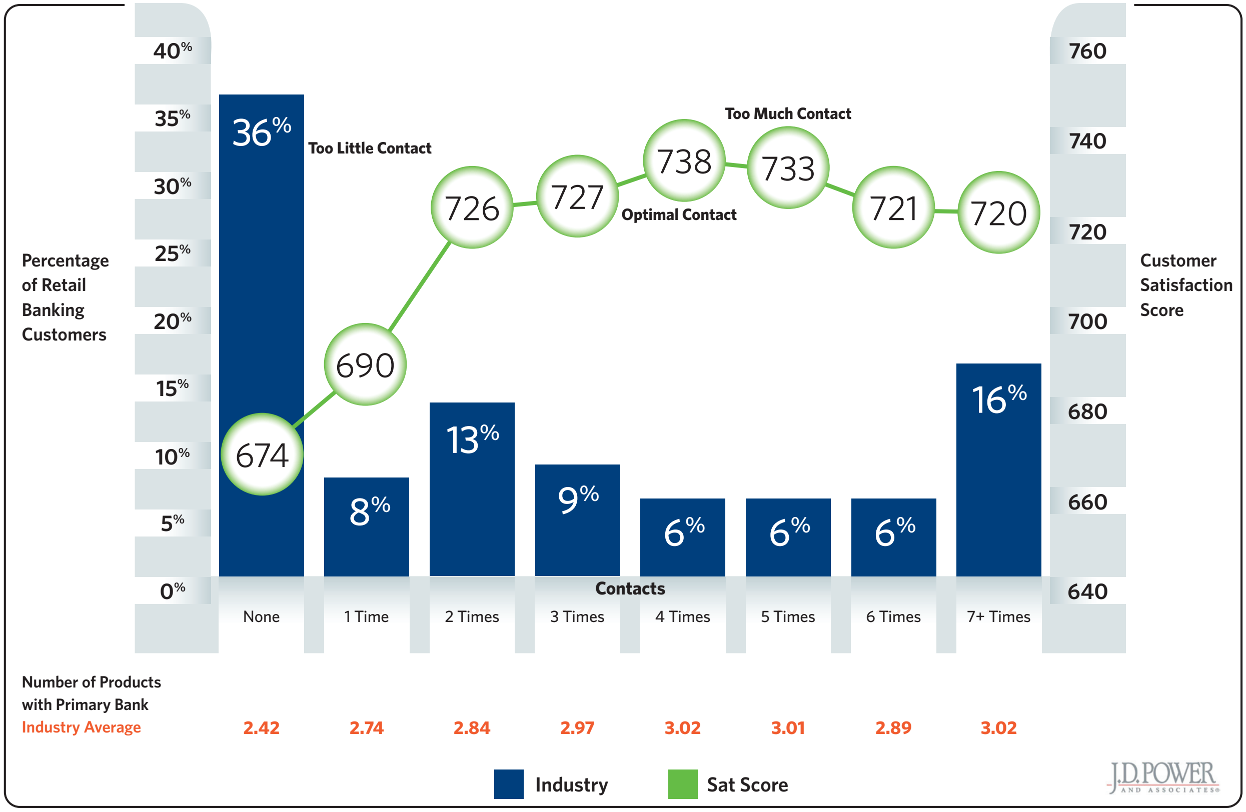
According to J.D. Power & Associates, satisfaction goes up when more attention is given to the new account holder as shown below. In addition, cross-selling success is also impacted.

If done correctly, the initial stages of the onboarding process should enhance the overall account holder experience, showing account holders that we know them, understand their needs, deserve their trust and are willing to reward them for their patronage.



Source: J.D. Power and Associates 2009 Retail Banking Shopping Study

Interestingly enough, J.D. Power found that more communication is actually better (up until the fourth touch). In fact, both satisfaction and cross-sell potential is optimized with more, rather than fewer, touches.



Strategy 3: Use the Right Message with the Right Channel at the Right Time

The customer or member experience is based upon a combination of experiences the account holder has with his or her financial institution. Whenever a breakdown occurs in any area, you run the risk of offsetting any positive experiences that may have already taken place. This is why the coordination and consistent integration of channels is another key component to delivering an exceptional experience.

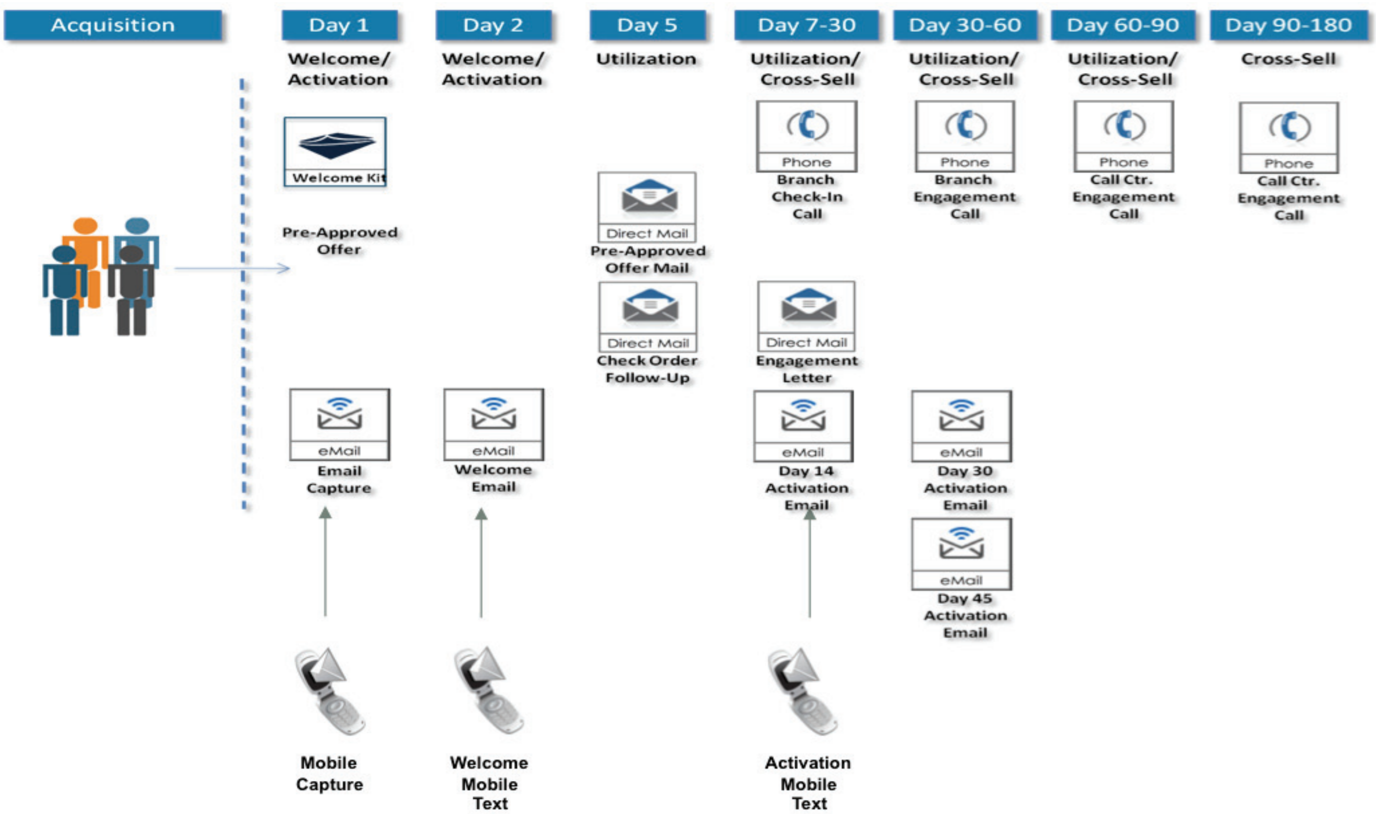
Leveraging multiple channels (e.g., the phone, direct mail, email, and customized statement messaging) appeals to different demographic groups, increasing the number of touch points while significantly improving results. Industry research indicates a lift by as much as 30 percent when using dual channels, and an even larger increase if telephone or additional channels are utilized.[3]

> *Studies show that targeted checkbook messages can increase response rates by 100% — generating twice the accounts and balances.*[4]

For an effective onboarding experience, collected consumer insights must be combined with demographic and product usage information. This helps financial institutions understand and anticipate their account holders' future needs – allowing for more effective messaging through the most effective channel at the most appropriate time.

The following processes are used to further enhance messaging:

- **Segmentation:** Grouping account holders into mutually exclusive segments based on a common set of characteristics
- **Predictive intelligence:** Predicting which products and/or services an account holder has the greatest propensity to purchase
- **Targeting:** Positioning content to account holders in a way that influences certain behavior ("active targeting" reaches account holders or prospects in a personalized way that is meaningful to them)



Studies show that email follow-up to a direct mail campaign can enhance results by as much as 30 percent.

Javelin Strategy & Research, "New Account Onboarding Communication" (2007)

In terms of timing, communicating with new account holders during the first week after the account is opened is critical. Financial institutions should send a welcome letter and a switch kit within that first week and then follow up with a phone call and/or an email.

Through personalized communication and predictive modeling based upon relevant information (why the customer or member opened the account, his or her financial goals, preferred channels of communication, etc.) collected during the account opening process, financial institutions are able to enhance the account holder experience, increase cross-selling and build the foundation for a long and lucrative relationship.

Strategy 4: Know Your Customer or Member

Learning everything there is to know about an account holder in terms of preferences, goals, and expectations is critical to starting the relationship off on the right foot. Much of this can be learned at the new account desk, but surveys also provide valuable feedback on new account opening processes, products, services, personnel and programs as well.

According to J.D. Powers, collecting insight not only assists with sales, but also impacts account holder satisfaction. As shown below, asking questions that are relevant to potential financial solutions can move satisfaction up significantly.

Short surveys can also help identify service issues, evaluate offerings, capture measurable diagnostics for improvements and generate goodwill simply by letting consumers know their financial institution cares about their opinions.

A well-crafted customer experience survey can elicit response rates as high as 15 to 20 percent.[5]

Strategy 5: Make the Most of "Sticky" Products and Services

An essential characteristic of a successful onboarding strategy is its ability to engage account holders to utilize "sticky" products and services when they are most willing to buy. Offerings might include DDA-related products and services such as direct deposit, online banking, bill pay and debit cards.

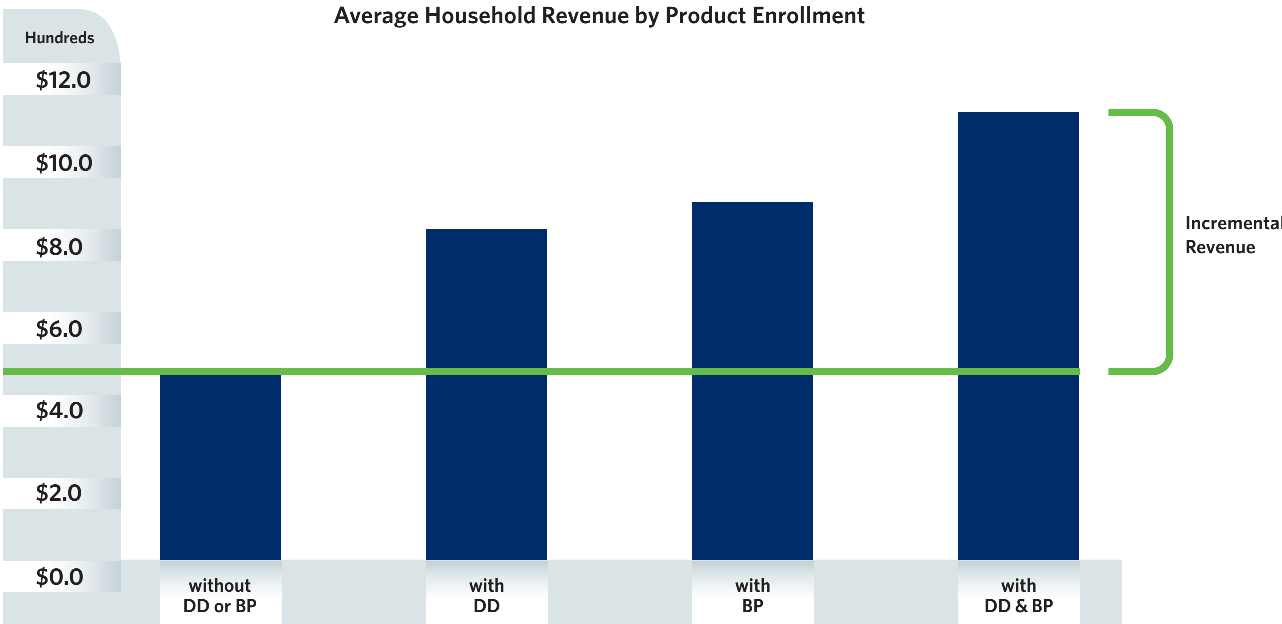
The sale of direct deposit or ACH debits can enhance account-level profitability by 200 to 300 percent.

Source: Harland Clarke Financial Industry Database

Engaging new account holders with sticky products and services makes it more difficult for them to defect. For example, according to Harland Clarke's Financial Industry Database, account holders with online banking (a sticky service) are twice as likely to stay with a financial institution. Account holders that are 'engaged' with their financial institutions' products are also shown to have a much greater profit potential over time as shown below.

	Percentage new who used in first 12 months	Percentage new who did not use in first 12 months	Customer attrition for those who used	Customer attrition for those who did not used
Direct Deposit	27%	73%	19%	31%
ACH Payment	40%	60%	22%	32%
Online Banking	27%	73%	18%	31%
Online Bill Pay	6%	94%	10%	28%
Checks Written	51%	49%	25%	30%
Debit Card Purchase	41%	59%	26%	28%

Source: 2008 Client Case Study



DD = Direct Deposit
BP = Bill Pay

Source: Novantas analysis and Harland Clarke client case study

Switch kits also help facilitate the use of sticky products and services. These kits make it easy to sign up for a range of services through the use of documents containing pre-populated account holder information, and they can guarantee a smooth transition. Sending personalized switch kits to new account holders has resulted in a 30 percent increase in cross-sales and a 42 percent decrease in single-service households.[6]

Strategy 6: Provide Meaningful Solutions to Your Account Holders

Onboarding is not a one-time communication, but a stream of messages geared to the account holder throughout the first year. Modeling, based on account holder insights and predictive intelligence, enables financial institutions to offer products and services consumers will potentially want, instead of what the institution wants to sell—enhancing both the consumer experience as well as the financial institution's revenue potential.

Information systems supporting onboarding programs should capture account holder insight and usage data that, when analyzed, can:

- Predict each household's next-most-likely-to-purchase product propensity
- Identify account holders at risk of attrition
- Protect and nurture high-value segments and grow revenue

> *Data-driven modeling for "relationship potential" can enhance balances by 300 percent or more.*
>
> *Source: Harland Clarke*

Strategy 7: Divide and Conquer

This is where the customer or member insight gathered at the account opening comes into play, providing important information as to what consumers want and the best way to reach them. Based on this information, new account holders should receive strong, personalized offers that stimulate account usage, response and build deeper relationships.

Strategy 8: Make Onboarding a 'Process,' Not a 'Program'

Onboarding is not a program that can be started and left alone. It is an ongoing marketing process where offers should be tested, timing of communication reviewed, new formats introduced and performance analyzed.

Strategy 9: Measure Results and Adjust Accordingly

Quantitative metrics measure the success of an onboarding program, enabling financial institutions to understand their impact and make necessary adjustments. The first step is to determine relevant benchmarks that will illustrate the difference between pre- and post-onboarding programs. These measurements include cross-sell metrics as well as information pertaining to the level of satisfaction an account holder has experienced with his or her financial institution.

Ultimately, the measure of true onboarding success is reflected in the improvement in return on marketing investment, increases in fee and interest income, and the overall account holder experience.

Strategy 10: Provide a Single Point of Responsibility

The success of an onboarding strategy is based on the ability to communicate the right product at the right time, to the right account holder — not a messaging sequence that is pre-set by the financial institution. This takes a single point of reference outside product silos, with specific, measurable goals for achievement.

Additionally, financial institutions should ensure their marketing communication partners thoroughly understand the financial services industry, as well as the complexities associated with marketing to and servicing account holders. Every onboarding component should be in complete compliance with and strictly adhere to all security, confidentiality, legal and other requirements that affect financial institutions.

Marketing communication partners should also have a robust, state-of-the-art security program in place to protect all client and account holder data, since the transfer of information must occur on a daily basis for timely communication.

The Opportunity

Successful onboarding keeps them coming back for more

A robust onboarding process enables financial institutions to proactively take control of the account holder experience during the critical first year. By offering the products and services consumers actually need, financial institutions not only satisfy account holders desires but reduce attrition while improving sales and marketing campaign effectiveness.

For more information about how Harland Clarke Marketing Services can help you strengthen account holder relationships through onboarding, contact your account executive or email us at **contacthc@harlandclarke.com**.

[1] *Harland Clarke Financial Industry Studies (2011)*
[2] *Harland Clarke Financial Industry Studies (2011)*
[3] *Harland Clarke Financial Industry Studies (2011)*
[4] *Harland Clarke Financial Industry Studies (2011)*
[5] *Scantron Survey Studies (2011)*
[6] *Harland Clarke Financial Industry Studies (2011)*

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