

MCIF Success Stories:

Proof of measurable results!



Making an MCIF sing is just like whistling...just put your lips together and blow. In other words, success with database marketing comes simply from using it and doing the work. There are no secret handshakes to enter the world of the MCIF power user, just time spent creating queries and analyzing reports. If you have an MCIF, but haven't done much with it, or are thinking hard about begging for one in next year's budget plan, the following is a frank look at how to get the value you desire, and proof that benefits derived from MCIF are very real.

Can you have success with MCIF? Of course. Do you have a clear idea of what you want to gain from having one? That is the central question. The fine line between success and failure with MCIF comes from a very small but important word; focus.

Many desire the MCIF to help them manage direct marketing campaigns. Others would add Matrix Mail & On-Boarding to the list. Still others seek the valuable strategic intelligence only available through an MCIF after it performs householding and profitability. Is mapping your current clients and your best clients in relationship to your branches a priority for you? You may need to re-price accounts and products within your offering to maximize non-interest income. All are MCIF-worthy functions that help you focus on and then accomplish specific objectives.

In the paragraphs that follow, you will not only be reminded of your every day busyness, but also of what success looks like with an MCIF, and what it means for marketers. Your fellow marketers are not smarter, nor do they have a grander budget. But they do have a singular focus on getting ROI from marketing. And because this is true, to them an MCIF is the center of their universe.

Getting Underway?

Ah, that new car smell...there is nothing quite like it. Will you find the same joy when you open the box with your new MCIF? Hopefully! Let's examine what it looks like when a new user gets started. You have invested in the MCIF. Fast forward a few months. You've finally completed the data intensive setup process where you may feel completely inept with big techno offensive words being thrown around like Girl Scout cookies. All the while you've been drowning in event planning, web updates, a product review, branch demands, management battles, protecting your budget from pilferers and several other tasks that can't be mentioned without being cautioned with "the following language is for mature audiences only." OK, so where were we? Oh yeah, the MCIF. We're finally trained, blundering our way around it and now you are supposed to make this thing sing. But how? (Feelings of inadequacy seeping in . . .)



Most every other marketer new to MCIF was in this same hole ridden boat, once upon a time. But there is a difference between those that get past the scenario above and pave a path to success. We'll cover a few specific instances below. But before we do, how do we get from the beginning to become a success story that others want to hear and write about?

First to focus. Every MCIF vendor can provide a list of 100 great ideas on what to do with this beast. Trade articles frequently mention [MCIF success stories](#). The potential campaigns, reporting programs, analyses, strategies, etc are plentiful. But if you don't focus on a single objective that is important to your institution, you may find yourself spinning your wheels. Start with your organization's core goals for the year. For each of these, identify a few marketing programs that will best help accomplish these goals. If your organization is missing "stated business objectives" – ask your president, "What are the top 3 things that are important to achieve this year?" Working from a short list of three gives you the ability to be more realistic based on time and budget constraints. Now from that short list of three, what can be most impactful, exciting and provide some measurable results in a reasonably short period of time? If you don't have your answer, go to your MCIF provider and chat with your relationship manager. They have seen this before, and can help you through the process to determine the best options for you.

Now you have your one thing. Next: baby steps. Success stories don't start off as complex as the result – they evolve. You start small and build, based on what works and taking away what doesn't. Get in the game of trial and error and conquer some fundamentals . . . and then you will be on the success story list, vs. the "it didn't work for me" (dust collector) list. The first to focus on that one thing owns the winning key. Keep in mind, experience says that doing or trying too many things at the same time will kill the effort to have success with MCIF from the start.



MCIF Success Stories

Without a lot of fanfare, the institutions represented in these stories simply did the work necessary to achieve their focused objectives. Some received help from their MCIF vendor or a consultant, others didn't. If you seek proof that [MCIF solutions](#), whether software or even [MCIF services](#) (where a vendor does the data mining work for you) is worthwhile, then these story outlines will give you the ammunition you need. As you read through these remember, the institutions below made that transition with no more resources than the next guy.

NOTE: We have kept the names of these institutions off the list for a number of reasons. Bankers generally are reluctant to share their successes for fear of giving away a marketing secret to a competitor..., and credit unions often spend too much time sharing, often to the point of getting inundated with calls. We wish to protect each for their own reasons. If you find that after reading through the list of successes that you need more details, please let us know. We will share more with anyone who asks.



Story 1 - A \$300M Community Bank in Texas

The MCIF identified that the bank's Top 1% of Households delivered 100% of their profit. Only 170 Households were represented in this valuable list. They felt this information could not be ignored. To no surprise, this handful of clients also controlled the majority of loan and deposit balances for the organization. To lose these relationships would be catastrophic to the financial well-being of the bank.

The Strategy: **Top Client Retention**

Step 1: Marketing would provide a list of top clients from the MCIF. Some of the clients on the list were well known by officers in the organization, but there were more than a few surprises on the list. The primary goal was to create a stronger connection with these relationships for the bank.

Step 2: Key officers would begin a Top Client "Calling Campaign." in which these key relationships were contacted at least quarterly.

Step 3: Monthly, the marketing team would send candy to every Top household relationship. Additionally, in the hopes of seeding future opportunity, they included the clients within Top 2% in the candy mailings. The candy delivery was "themed" with a phrase of appreciation to the client. This simple strategy would increase the customer's top of mind awareness for the bank, which could lead to additional business and hopefully create word-of-mouth marketing.

The Results: The bank enjoyed a 35% growth in Deposits in the first eighteen months from these top customers. Further analysis showed of the 170 Top clients, only 3 left the Bank in the initial eighteen months. This 1.7% rate of attrition is a fraction of that of the entire customer base and well below the 14.6% industry average. And while the cross-selling success is meaningful, the real long term value created by the MCIF and this bank's efforts was in retention. Further, 12 new relationships were added to this Top group.



Story 2 - A \$500M Credit Union in large metropolitan area

The Credit Union identified that their new member relationships were not being cross-sold at point of sale. Marketing felt the imperative to increase deposit and loan balances and brand awareness to these new relationships.

The Strategy: **On-Boarding New Members**

Step One: The MCIF would identify new members each month.

Step Two: The new members would be broken out into 3 generational age groups using the MCIF, and mailed 4 targeted direct mail pieces during their first four months of membership. The products to be cross sold varied for the different age groups, and a variety of letters and post cards were used. Each marketing piece used images selected to appeal to the three generations they were trying to reach.

Studies have proven that by communicating and cross selling members early in the relationship (the first 90-120 days), financial institutions are dramatically more likely to have success cross-selling. In addition, having a higher cross-sell ratio translates directly into a better retention rate.

The Results: The return on investment (ROI) during the initial six months was a whopping 1,586%. In real dollars, the On-Boarding efforts generated \$1,321,958 in total deposits and \$7,865,025 in total loans. The marketing effort by any measurement was a huge success. In fact, because of the measurable proof of marketing's impact on sales, management enhanced the marketing budget, so that the marketing department could expand the program the following year.



Story 3 - A \$400M Community Bank in Pennsylvania

Using the MCIF, the Bank identified that 65% of their households (HHs) had only 1 product with the institution. These clients are known as single product households. For most financial institutions, this number is typically around 50%. The Bank recognized this high rate of single product HHs as a tactical opportunity to increase share of wallet and generate low-cost deposits through targeted [cross sales efforts](#). [Customer Retention](#) was also a key focus of the bank and this effort, as parts of the market area were experiencing negative growth.

The Strategy: **Targeted Cross-selling**

Step One: [Using the MCIF](#), the Bank identified 3,500 single product households whose accounts were opened within the past 10 years and balances were at least \$300. By segmenting their single product households in this way, the Bank felt they would see a higher response rate. They did not include low balance households, assuming that these folks did not already value the relationship with the Bank enough to respond.

Step Two: Analysis was done on the 3,500 households to further segment them into four different groups according to age and income demographic characteristics. This enabled the Bank to offer targeted products that would satisfy the needs of the four respective Age/Income groups created.

Step Three: Mailings were sent to these four groups over the course of the following four months. The individual mailing segments were small enough in size that the mailing production was done in-house to keep costs minimal.

Step Four: The Bank then had the branch staff follow up the mailings with personal phone calls 30 days after the mailings were sent.

The Results: Once the four month [targeted cross-selling](#) effort was completed, marketing could count 76 new accounts and \$211,752 in revenue for the product specifically targeted. Additionally, 295 other accounts were opened by these single product households for a product not offered in the [direct mail campaign](#), yielding an additional \$3,639,797 in revenue.



Story 4 - A Midwestern Bank with \$250M in assets

This Bank recognized that their Top 5% most profitable households generated 100% of their profits, yet many had a weak relationship. In order to secure a more meaningful relationship with this obviously valuable segment, they determined to cross-sell more specifically to this high value group.

The MCIF had a predictive model feature that could evaluate a mixture of demographics, psychographics and prior purchases to determine the most likely product these households would purchase next. This feature automatically updates each month and was not yet utilized by the bank.

The Strategy: **Cross-selling High Value Clients**

Step One: The MCIF would create the list of households in the Top 5%.

Step Two: Using the predictive product modeling tools built into the MCIF, which uses a combination of demographics, psychographics and prior purchase history data, the Bank was able to identify the products most likely to be opened by these high value relationships.

Step Three: For each of the next three months, the Bank initiated a mailing which offered products predicted by the MCIF to these clients, in hopes of improving the loyalty and profitability of these critical relationships through new sales.

Step Four: Letters were created and printed in-house by the marketing department to minimize costs.

Step Five: These high value relationships were highlighted in the Bank's CRM tool for officers to make follow up calls behind the mail drops.

The Results: The relationships in the Top 5% of this Bank responded by opening over \$700,000 in new deposits and \$800,000 in new loans, during this marketing campaign. Total recognizable profit within the Top 5% increased over half a million dollars. The ROI of the campaign was 1,375%. Furthermore, the products held by this valuable group increased by an additional 0.6 products per household, and the number of households with 5 or more products increased 30%.



Story 5 - A \$125M Community Bank in central Illinois

The bank recently merged with two other local banks. As a result the account pricing structure was disjointed and confusing to both staff and customers. The combined pricing of the 3 bank's accounts also did not provide the bank with an optimum pricing strategy. To eliminate confusion and optimize non-interest income, an analysis of Checking and Savings products for re-pricing and consolidation was necessary.

The Strategy: **Account/Product Re-Pricing & Consolidation**

Step One: Marketing would evaluate the pricing strategy of key competitors. This would provide a foundation for comparing types of products offered in the marketplace and pricing structures available.

Step Two: Using the re-pricing module built into the MCIF, marketing would evaluate the income potential of a more consolidated and competitive pricing strategy for Checking and Savings accounts.

Step Three: The new pricing model was built to account for multiple balance tiers, interest rates levels, and attrition risk.

Step Four: Specific measures were put in place to minimize any impact to Top Clients, while increasing revenue from other clients. These efforts insured that only 3,000 out of the 5,500 overall clients would be impacted through re-pricing.

The Results: Consolidating the three bank's Savings and Checking accounts and then re-pricing them enabled the Bank to enjoy an increase in profit of over \$300,000, through increasing fees. All \$300,000 fell directly to the bottom line. Because of this initial success with re-pricing, the Bank repeated this process every other year and can prove a compounded value of over \$2.5 M in additional profit. Additionally, the MCIF was able to track that household attrition actually decreased for clients who were affected by the pricing changes.



MCIF - Avoid the dust collector

You may have heard this, “Our MCIF was our most expensive dust collector.” But then success stories from financial institutions, like the ones above, show how they overcame some magical obstacle and had abounding success. So what gives? Why can one institution make an MCIF sing, and another be left to relive again and again the memory of wasted money and disappointment?

Let's mutually acknowledge that some institutions have not had success with MCIF. Why? Is the MCIF itself the problem? Or, more than likely, is the problem the fact that MCIFs and database marketing require the user to be somewhat technically astute? Maybe. It is software after all. If your forté is creative and design, then you may struggle with grasping the analytics around database marketing. Maybe you are simply stretched too thin already. [MCIF services](#) are perfect for marketers like you. Have an experienced vendor perform the work that isn't your cup of tea, some even come with a guarantee. You get the results, without the stress. And no one needs more stress in their life. Marketers who are not comfortable with technology and buy an MCIF expecting this to change may very well be buying a “dust collector.” Many MCIF failures fall into this category

Why else have banks and credit unions not found success with this powerful technology? There are two main reasons that fit most of the rest. The first hang-up comes from the I/T staff and their inability (or unwillingness) to provide the support necessary to feed the MCIF with the data it needs monthly or even daily. With proper senior management support and involvement, this should never really be a problem. The last usual reason that MCIF initiatives fail comes from the CFO. As you know, [MCIF systems perform profitability calculations on accounts, households and products](#). If your CFO doesn't buy in to how the MCIF performs these calculations, they will resist the information provided from the MCIF. Inoculate yourself from this possibility, by getting your CFO involved in the setup of the MCIF profit model from the start, or if your institution has a profit system, import and use those numbers. It will be impossible for them to fight their own numbers. In the end, even if you “get” technology and the benefits of MCIF, without real, tangible support internally, it is sometimes difficult to drive success and [ROI from marketing](#) without it.

Some have compared using an MCIF much like a treadmill or an elliptical machine. These machines are only valuable if they are used. Thousands of these machines are collecting dust and even clothing, though they were purchased with the best intentions. Some find life changing success with these machines. Some do not. The same truth exists for MCIF.



An Autopsy of MCIF Success

What is the root cause of success with MCIF? In each of the success stories listed here, the institution (no matter the type or size) focused on implementing a single program that could have an impact on a single weakness or key objective of their organization. In most cases, the results had more than one beneficial result. In all cases the marketers were able to add the merit badge of MCIF success for themselves and for their organizations. And more importantly, they were each able to support the organizations' core objectives with a targeted strategy using reliable [business intelligence](#).

Personal success with MCIF is much like having success with your treadmill or elliptical machine. It is very personal. And while there are benefits to those around you to talk about, there is nothing quite the same as following through with a goal and snatching it.

Care to succeed with MCIF? You can do it. There isn't an MCIF vendor who wouldn't love to help you become their next poster child of success. You are not alone. If you have the desire to make MCIF success your next career objective and the next evolution at your bank or credit union, then go for it. While there are road bumps along the way, it isn't difficult. If not software, maybe [hiring an MCIF vendor](#) to perform analysis and help you implement programs like the successful ones listed before using their expertise, is a worthy option. In the end, knowing what it is you wish to accomplish with an MCIF is the question. And the answer can be found with that singular focus of a goal and breaking down the individual steps. Success with MCIF is like whistling... just put your lips together; now blow.

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