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## Welcome to our Summer 2017 Edition of *Stellar Insights!*



If you are a new subscriber...let me take this opportunity to welcome you and share why we decided it was important to publish a quarterly newsletter.

Over the past 17 years, we've accumulated an enormous amount of information and developed best practices in partnership with over 1600 banking institutions. Our goal for this newsletter is to highlight what we have heard, learned and developed through daily interactions with our clients and industry experts.

In this edition of *Stellar Insights*, we discuss a wide range of issues and topics. The decision to touch on specific topics is based on what is important to the financial industry this time of year. We now have over six months under our belts in 2017, and it's time to start serious consideration to what is working this year, and what will be crucial to success in 2018. For many of you, the conversation regarding strategic planning for 2018 has already started. Therefore, our goal is to report on several issues in an attempt to share relevant information for your internal discussions. Hopefully, we've guessed correctly.

However, if we have not guessed correctly, we welcome your ideas on topics for our Readers' Choice feature. This section will be based on questions and/or subjects our readers want us to address. No selling, just the sharing of information!

Stay tuned for more valuable insights (with updated 2017 data and statistics) to help you plan for next year in our fall newsletter.

Have a safe and enjoyable summer!

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## Upcoming Events

**September 7-9**  
 Cornerstone Credit Union  
 League Leadership  
 Conference & Expo  
 San Antonio Marriott Rivercenter  
 San Antonio, TX

**September 24-26**  
 ABA Bank  
 Marketing Conference  
 Hyatt Regency  
 New Orleans, LA

**September 30-October 2**  
 IBAT Annual Convention  
 Hilton Austin  
 Austin, TX



# Frequently Asked Questions On Growing Deposit Market Share

By Ed Juskowski & Craig Simmers

For nearly two decades, we have fielded numerous questions about best practices on how to grow retail deposit market share, specifically in regards to establishing primary banking relationships. An interesting fact...the questions haven't changed much over these years. They almost always revolve around the three topics addressed below. While the questions may not have changed much, *the answers certainly have*. These insights have been developed over years of testing different marketing variables and, quite frankly, a lot of trial and error on our part. We strongly believe testing is a key element in optimizing marketing strategies. The strategies Stellar Strategic Group implements today are a combination of intensive testing and real-world, client results. Ok, let's get to the Q&A...



## Q. How do I decide where to market?

A. Great question because this is the key to success. It is also the most difficult from an analytic perspective to define. The short answer is: utilize recent trends weighted heavily on checking account openings. Keep in mind we are talking about retail deposit growth. There are many additional variables to consider in conjunction with recent trends, but to detail more of our proprietary process would be giving away what is commonly known as "the secret sauce". Think of it this way - convenience is defined by consumer actions or patterns, not necessarily connected to distance from a branch. Recent trending of account openings will define what the consumer defines as convenient.

## Q. Who is my competition and how do I target them?

A. This question is what we consider the most misunderstood component in developing a strategy for deposit share growth. The answer is quite simple – focus on competitors that own significant deposit market share in your branch footprint and are vulnerable from a competitive standpoint. This will almost always end up being larger regional or national banks. They have lost millions of depositors since 2009; that trend may have slowed but it's not over. Missteps, like those

made by Wells Fargo, will continue to feed this trend. Institutions that have maintained a free checking account and have been aggressive in their marketing efforts have done very well over the last seven years. We call it stealing market share. In many cases, a local financial institution will concentrate their efforts on competing against another local financial institution – even when regional or national banks control more market share. It's unfortunate more community-based institutions have not taken advantage of, possibly, this unique opportunity.

## Q. What marketing tools should I use?

A. We strongly suggest a combination of direct mail and digital products that allow for the specific targeting required in the two strategies outlined above. The targeting capabilities of direct mail, along with the abilities to increase frequency-of-message with digital components, create a powerful combination proven to generate consistently strong account opening results.

In closing, there is one comment that we constantly hear: "My market is so competitive!" The fact is all markets are very competitive (with some exceptions in smaller communities that may only have one or two institutions). Most financial institutions, if not all, have a tough job growing their core deposit base. That's exactly why a very targeted strategic approach is required. Growth is achievable and the fact is most institutions are not taking advantage of the opportunity. If you have not recently, we encourage you to consider what opportunities exist in your market today and, how your institution can utilize that information to optimize deposit growth.

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*Ed Juskowski is the Director of Sales at Stellar Strategic Group, LLC.*

*To learn more about your opportunity to increase retail deposit growth, please email [ed.juskowski@stellarstrategic.com](mailto:ed.juskowski@stellarstrategic.com) or call 813-503-1510.*



*Geraldine Cardwell, The Tennessee Credit Union League's Executive Vice President & CFO and Ed Juskowski, Stellar Strategic Group's Director of Sales pose for a photo after announcing our new strategic partnership at the 2017 TCUL Convention & Expo in Gatlinburg, TN in May 2017.*



# Mobile is the New King for Google Search: What Does This Mean for Your Financial Institution?

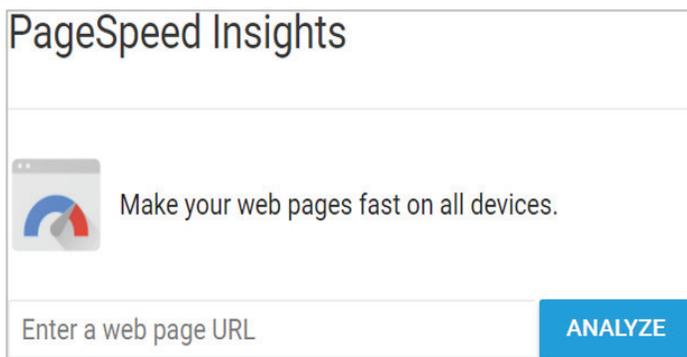
By Chad Alvarez, Director of Digital Sales

It has finally happened. The almighty desktop computer has been dethroned and surpassed by mobile devices for Google searches. This should not come as a surprise, as the install base for mobile devices is greater than desktop computers in 2017. What you may not know is the change to mobile supremacy occurred in 2015. With Google's search results now over 60% on mobile, the company has implemented a "mobile first indexing plan that could see the light of day by the end of this year" per Google's Webmaster Trends Analyst, Gary Illyes, while addressing the SMX West Conference in March of 2017.<sup>1</sup>

So, what does this mean? Should there be a concern for this shift to mobile first indexing? The short answer is no; however, the long-term ramifications for not optimizing a mobile-friendly website could hurt your overall SEO ranking. "Don't freak out, especially if you already have a responsive site." says Illyes. Google offers free tools such as Page Speed Insights that point out deficiencies in your desktop and mobile versions of your website. In my 10+ years in digital marketing, Page Speed Insights is one of the first tools I use to determine the health of a website's mobile and desktop versions before I discuss digital marketing solutions to banks and credit unions.

Page Speed Insights gives you a roadmap of exactly what needs to be fixed in detail. Google takes pride in how fast it produces results in its SERP (Search Engine Results Page). You may have an SEO rich site with all the right keywords and content, but if your mobile website is sluggish and not responsive, you may be penalized without knowing it. I highly recommend saving this free Google tool to your favorites bar and perform spot tests periodically.

<https://developers.google.com/speed/pagespeed/insights/>



What is the difference between a mobile site and a desktop site? The truth is, there is a limited amount of real estate on a mobile device. Desktops are superior in that department for a few reasons. They have been the main search tool since the beginning of Google's existence back in 1998. With almost 20 years of indexing on one



device, writing a new indexing code specifically for mobile is the challenge Google faces. "The mobile web has fewer tokens than desktop. Content and links are more scarce." Illyes said. "Mobile sites don't have a lot of the metadata that desktop sites have. We're aiming for a quality-neutral launch. We don't want users to experience a loss in quality of search results. We need to replace the signals that are missing in the mobile web."

Currently, most web developers make sites with mobile in mind. What they have not done is place the priority emphasis on the mobile experience first when creating a bank or credit union website. Craig Simmers, Founder of Stellar Strategic Group has recently challenged banks and credit unions to experience the loan process for themselves to answer the questions: "Is this a positive experience?" and "Does our website make it easy for people to get to what they need and is the experience quick and efficient?" In today's mobile environment, having a seamless mobile experience can be all the difference between you and your competitors. The lifetime value of a new checking account or loan most likely will start with a mobile Google search.

So ask yourself, if I start working on my mobile website now, what do I need to do? Following are Gary Illyes' 3 main steps to prepare for the mobile first index shift:

*(Continued on Page 4)*

**1. Make sure your mobile site has the content you want to rank for.**

I recommend financial institutions focus on their core products, i.e. Checking, Savings, Personal and Commercial Loans, etc. Prioritize which products are most important and rank from there. Develop mobile specific content. Think less copy and create content that is quick and easy to digest on a mobile phone. It's crucial to make navigation as easy as possible. Also, don't forget to test the mobile experience yourself to see how your customers will interact with your mobile site. High abandonment rates when filling out forms are a key sign that something is not clear and needs to be addressed.

**2. Make sure structured data is on your mobile site.**

Examples of structured data include numbers, dates, and groups of words and numbers called strings. Avoid posting an HTML image as those are static images that cannot be easily crawled by a search bot. This allows Google and search engines to easily crawl your pages for keywords, meta tags, and structured data. The easier a Googlebot can read your information, the better your search results.

**3. Make sure rel-annotations are on your mobile site.**

Ok, I hope I haven't lost you, but in simple terms, a rel-annotation helps Google's algorithm understand the difference between your mobile page and desktop page. Your web developer would need to add a

rel="alternate" tag on your desktop to point to the mobile URL and vice versa. These tags tie your two site versions together so that search results are better synchronized. This also helps Google pull up the appropriate version based on the device being utilized for the search.

Do not fear as the last 2 recommendations are very primitive. Google plans to explain in greater detail what needs to be done when the mobile first index algorithm rolls out by the end of the year.

Ultimately, if you have questions or concerns about the transition to mobile, I recommend you contact your current web developer or digital marketing expert. It will be interesting to see how Google implements the mobile first indexing algorithm and the impact it will have on the mobile search landscape. We will be here to update you on any further developments from Google over the next few months.

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*Chad Alvarez is the Director of Digital Sales at Stellar Strategic Group, LLC. To learn more about Mobile First Indexing and Digital Marketing Solutions, please contact [chad.alvarez@stellarstrategic.com](mailto:chad.alvarez@stellarstrategic.com) or direct 410-823-2229.*

<sup>1</sup>Search Engine Land: Google's mobile-first index is (still) months away: Matt McGee March 23, 2017



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Submit your ideas for our newsletter at **[info@stellarstrategic.com](mailto:info@stellarstrategic.com)**



# Catching the Summertime Auto Loan Opportunity

By George Monnier, Founding Partner Stellar Auto Loans

One question I hear frequently from financial executives this time of year is the following: *Why spend marketing dollars on new or used auto loans in the summer since these are the peak months for auto loans anyway?*

This question is a good one, especially considering that auto loan volume will increase simply due to the increase in vehicle purchasing during the summer months. If all other variables stay the same, then the assumption is that every community financial institution should win their "fair share" of additional auto loans.



But, that is not usually the case in the real world. There *are* institutions positioned to better get an "unfair" share of this market. When natural cycles in auto loan activity increase, it becomes more important to "fish when the fish are biting" as many like to say.

And to utilize the fishing analogy even further...in order to capture a bigger share, it would be a good idea to have the "best bait" in the "best fishing spot" for the type of auto loans you want to catch.

I believe the *best bait* is a marketing offer that utilizes prescreened data to calculate monthly payment savings, instead of the typical low interest rate offer. Because there will be more than one *ideal fishing spot* in your market, it is important to utilize several marketing mediums to maximize results.

In addition, success does not necessarily mean casting the "biggest net" to catch just any possible auto loan prospect. Consider the time it takes your loan officers to sort through *sticks and weeds* to find a *few keepers*. Not to mention, the stresses to your employee infrastructure and resources are usually increased during the summer months due to school recess, vacations, holidays, etc.

Those considerations further support the idea that marketing smarter is even more crucial during this time of year.

The key to smarter marketing this summer:

- Create a compelling offer
- Target prequalified consumers
- Utilize a multi-channel marketing strategy
- Provide easy-response options

I am successful only when I find the right combination of these factors for my clients. In most cases, my observation during this time of year is that response rates improve...as does ROI.

So, keep casting those appealing offers in the prime (or sub-prime) auto loan waters this summer to optimize your loan growth. Happy Fishing!

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*George Monnier has spent over 16 years helping financial institutions generate new deposits and loans. He is a founding partner of Stellar Auto Loans, a division of Stellar Strategic Group, LLC, which offers pay-for-performance auto refinance programs to the banking industry. To learn more about Stellar Auto Loans<sup>sm</sup>, please contact george.monnier@stellarstrategic.com or 402-708-2425.*

## Marketing Strategies That Drive Results

### DEPOSIT ACCOUNT ACQUISITION

Grow Retail Market Share

### DIGITAL MARKETING, SEO AND WEBSITE SOLUTIONS

Maximize Digital Presence, Reach and Results

### AUTO LOAN RECAPTURE PROGRAM

Take the Risk out of Marketing Costs for New Loans

### OVERDRAFT AND PRIVACY MAILINGS

Protect Overdraft Fee Income

To learn more, contact us at

[info@stellarstrategic.com](mailto:info@stellarstrategic.com)

or call (toll free) 866-347-5632.

[www.stellarstrategic.com](http://www.stellarstrategic.com)  



# Attrition...A Silent Killer to Growth

By Craig Simmers, Founder

During the 20+ years I spent in the newspaper industry, customer attrition was a metric that was constantly monitored and managed. In fact, it played a major role in establishing marketing plans and budgets. Unfortunately, that is not always the case in the banking industry. A percentage of institutions do pay attention to attrition levels - though that percentage is small. This creates a big opportunity for institutions that want to engage a strategy to incorporate attrition metrics into their strategic planning and marketing budgets.

From my point of view, a majority of institutions either 1) ignore this important metric, or 2) neglect to develop a plan to address the issue even when attrition is considered or monitored in some form. Having worked with over 1,600 financial institutions over the past 17 years, I see two recurring themes as to why there is a disconnect when it comes to attrition. First, there's an absence of standard measure the banking industry employs to monitor account attrition. The other factor at play is that most institutions haven't taken the time to calculate, or try to understand, the cost of attrition for their institution.

Recent studies suggest the replacement cost of account attrition can be staggering. Here's a quick and simple calculation to demonstrate: let's assume the acquisition cost of a new checking account is \$150 and your attrition rate in year one is 20% for those new accounts. With a starting base of 20,000 checking customers, the loss of 4,000 accounts carries a replacement cost of \$600,000. Now, let's utilize your attrition data to further reduce that loss to just 3,000 accounts - saving \$150,000 in replacement costs. This is not an insignificant number!

In short, if you can reduce the attrition rate from 20% to just 15% in the first year, your institution will realize a significant savings. Plus, marketing dollars spent for new checking account initiatives will have a much better return on investment as you decrease attrition rates in the first year. Understanding and addressing this "silent killer" on your existing accounts will add much to growing market share long term.

In our fall edition of *Stellar Insights*, we'll detail a real-life example of how attrition can directly impact a financial institution, and what can be done to reduce that impact. In addition, we will show how tracking attrition can identify other opportunities by understanding the difference between "Uncontrollable Attrition" and "Controllable Attrition" - the latter of which usually stems from product and service issues.

Besides the checking account, let's consider your auto loan portfolio as an example of what may be "Controllable" attrition. Start with analyzing past patterns in the data and determine at what point in the life cycle of an auto loan do most disappear from your books?

And, what can you do to try and keep that account? Understanding product-specific patterns with attrition can help you better communicate to secure that account before it's gone.

An important note, the user experience with your website and online tools is becoming more critical than ever with both new and existing relationships. If your online applications for new accounts, or online banking portal for existing accounts, are not user friendly/mobile friendly, you may be losing opportunities in your market with consumers. This will play an ever-increasing role in attrition as more and more people utilize online banking application.

As you probably know by the tone of this article, this is a topic I'm passionate about. I will be sharing more details about these issues in our fall newsletter. In the meantime, please feel free to give me a call or email me if you would like to discuss your institution's specific situation regarding account attrition. No cost and no obligation!

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*Spending quality time with clients while fundraising for the Grand Valley State Athletic Department in Grand Rapids, Michigan. From left to right: Brad Kessel, CEO at Independent Bank, Russ Daniel, SVP Mortgage Division at Independent Bank, Tricia Raquepaw, EVP Marketing Director at Independent Bank and Craig Simmers, Founder of Stellar Strategic Group.*