

Retail Bank Gap Analysis and Road-Mapping Framework

Business Challenge

At a top-10 bank with an international presence, the database and marketing functions were being executed by several departments, many of which were located outside of the U.S. This brought about a variety of challenges in terms of understanding the US market, regulatory environment, and consumer lending practices. The bank hired Merkle to take a fresh look at its direct marketing initiatives with specific focus on current programs, processes, and results in the home equity and mortgage space.

Key “pain points” shared by the client included:

- ▶ Programs overlapped, they lacked a clear understanding of customer needs, and often targeted the same households simultaneously with conflicting products and messaging.
- ▶ Campaign management had grown in its complexity – execution was labor intensive and inefficient.
- ▶ Opportunities were being left on the table while aggressive consumer lending goals were not being met.

Partnership

Merkle was engaged to conduct a database marketing assessment and provide a roadmap to improve end-to-end campaign management, execution, and results. Merkle executed the roadmap, leveraging our consumer lending vertical strategists, as well as database functional experts. Key areas reviewed included database management, list acquisition, model creation (incremental response and booking), creative, branding, project management, digital (SEO/SEM), print production, tracking and analysis.

Approach

Merkle conducted a comprehensive program assessment and gap analysis over an 8-week period with the following objectives:

- ▶ Assess current programs from a database management, targeting, creative, reporting and results perspective
- ▶ Define areas where the bank was best-in-class
- ▶ Identify areas for improvement based on industry best practices
- ▶ Determine opportunities based on key consumer lending profit drivers, to improve campaign effectiveness and efficiency, while optimizing program results
- ▶ Create an actionable roadmap to move these programs to the next level

Discovery	Assessment	Gap Analysis	Options & Priorities	Implementation
<ul style="list-style-type: none"> ▶ Business goals and objectives ▶ Marketing strategy ▶ SWOT analysis 	<ul style="list-style-type: none"> ▶ High level review of programs ▶ Focused on determining current competencies 	<ul style="list-style-type: none"> ▶ Identified gaps from assessment ▶ Developed recommendations relative to best practices 	<ul style="list-style-type: none"> ▶ Identified options for closing the gaps ▶ Prioritized based on effort and business impact 	<ul style="list-style-type: none"> ▶ Executed options identified in the process ▶ Developed process to continually align effort, impact and priorities
Inventory	Assessment Scorecards	End-State Vision	Roadmap & Initiatives	Results

Ensured the bank had visibility into the priorities and goals driving the business and current state

Assessed the bank's existing capabilities versus scorecard

Defined appropriate end-state vision and identified the current gaps and best practices

Built a coherent and integrated roadmap for filling gaps

Drove business value in the short-term while building long-term foundation

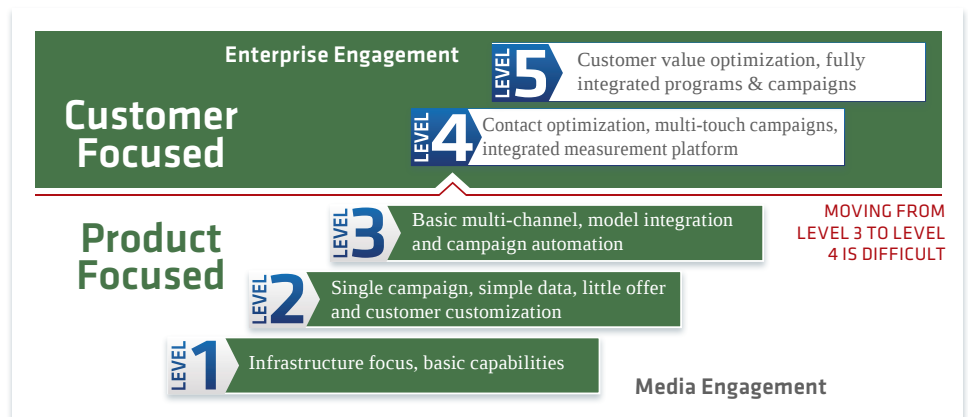
Outcome

A comprehensive roadmap was developed for the coming year's consumer loan program. This included changes in the following key areas:

- ▶ Reduced the number of employees involved in each stage of the process while enhancing strategic focus.
- ▶ Built an "equity engine" (process) that allowed program execution to become easily scalable and repeatable by reducing redundancy and handoffs, and cutting the execution time frame in half – from 14 weeks to just 7 weeks.
- ▶ Reporting was enhanced with bi-weekly outputs, which allowed the bank to easily monitor performance, improve application processing efficiency, and get early reads on testing to quickly harvest and redeploy learning.
- ▶ A new roadmap was developed that increased the funding for the program by 65%, while doubling program annual account performance. This process greatly improved production efficiencies, while better aligning offers with customer needs, increasing penetration, managing frequency and cadence.

Looking Ahead

When developing the final roadmap, the goal was to move the bank to level 3 in the customer-centricity lifecycle continuum (see graphic) – focusing heavily on deploying strategies at a product-focused level. A move to level 4 will require additional infrastructure and organizational realignment to become a truly customer-centric organization.



MERKLE

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