# Customer Analytics and Marketing to Maximize Value
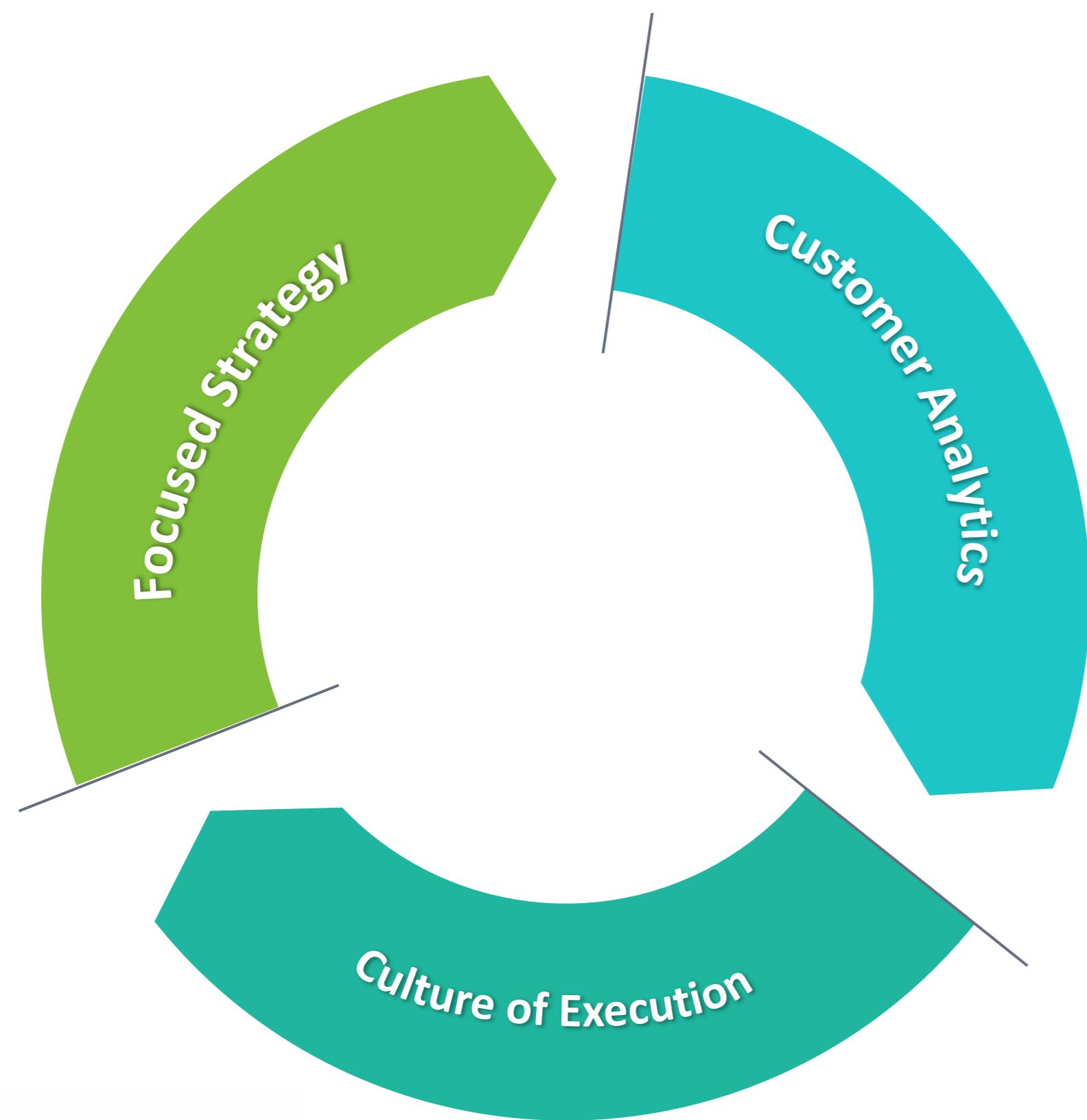
Presented by Jeff Lee

Seacoast
BANKING CORPORATION
OF FLORIDA

90+YEARS

# Seacoast's Aim Is to Be Its Customers' Primary bank
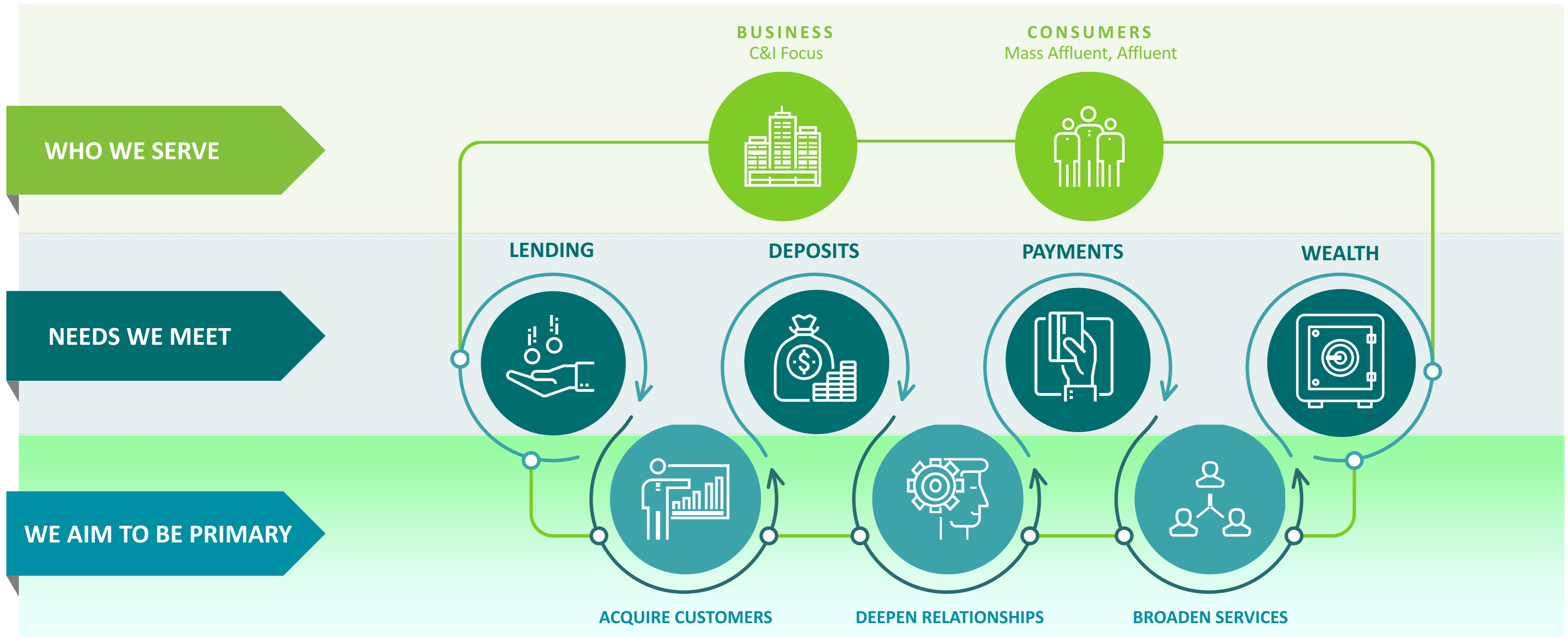


**WHO WE SERVE**

**BUSINESS**
C&I Focus

**CONSUMERS**
Mass Affluent, Affluent

**NEEDS WE MEET**

LENDING

DEPOSITS

PAYMENTS

WEALTH

**WE AIM TO BE PRIMARY**

ACQUIRE CUSTOMERS

DEEPEN RELATIONSHIPS

BROADEN SERVICES

# Seacoast's Model for Understanding and Managing Existing Customers Powers Its Growth Engine…

**Strategy Helps Focus Analytics, Which Drives Execution…**



Focused Strategy

Customer Analytics

Culture of Execution

**…With Value Created from Three Distinct Areas**



**1** — Existing Customers

**2** — M&A Customers

**3** — New Customers

# …And Its Approach to Customer Analytics Is a Unique Advantage

## UNIFIED, HOLISTIC VIEW OF EACH CUSTOMER

- In-house analytical dataset of 27,000+ columns per customer

- Derived information such as Customer Contribution, Engagement Levels and Channel Preferences

- Over 20,000 lines of proprietary code (patent pending) developed to create this holistic view

## DYNAMIC CUSTOMER LIFETIME VALUE (CLTV) MODEL
### PATENT PENDING

- Dynamic view of each customer's value today and future potential

- Ability to see changes in customer value

- Customer level revenue and contribution

- Top movers and losers for value, revenue, deposits, loans

## DRIVEN BY ANALYTIC MODELS AND MACHINE LEARNING

- Opportunity Sizing Engine: identify significant value gaps by comparing against lookalike customers

- Branch Network Optimization: estimate CLTV impact of consolidations and drivers of retention

- Test and Learn: evaluate impact of offers and strategies in terms of value generated

- Predictive Value Loss: identify and action CLTV losses before they occur

# Unique Approach to Growing Customer Value *Patent Pending*

*Unlike Other Community Banks, Seacoast Uses its Vast Data Set and Machine Learning to Drive Value Creation*

## BEHAVIORAL & FINANCIAL DATA

- Current Customers
- New Customers
- Bank Acquisitions

A **single view** of the customer
+
Extensive use of **advanced analytics**
+
**Three machine learning**[1] models already in place

## CUSTOMER TREATMENT PLANS

- *Face to Face*[1]
- *Outbound Call*[1]
- *Inbound Call*[1]
- *Email*

- *ATMs*
- *Online Banking*
- *Direct Mail*
- *Mobile Banking*

Multi-channel approach to **connecting** customers with **opportunities**
+
**70** fully automated campaigns

[1]*Proprietary tools developed by Seacoast*

# Example of a Targeted, Multi-Channel Marketing Campaign

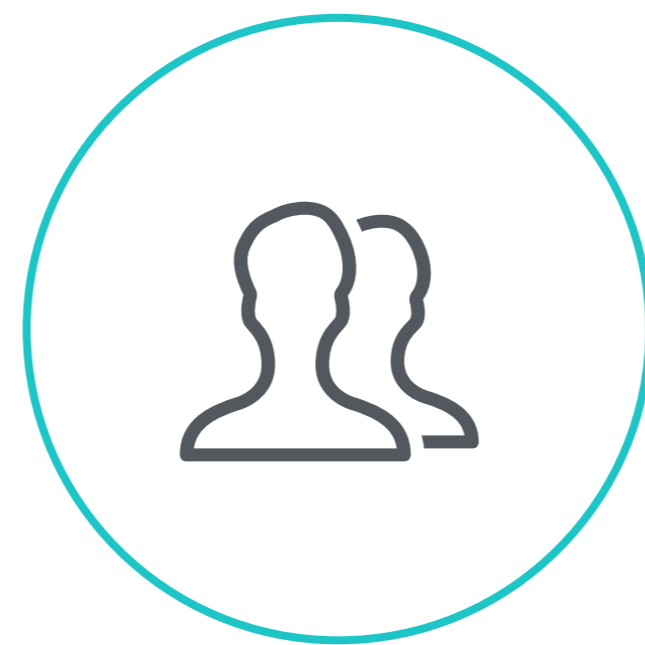**Analytic models identify customers who have a LOC they are not using, triggering automated marketing campaign**

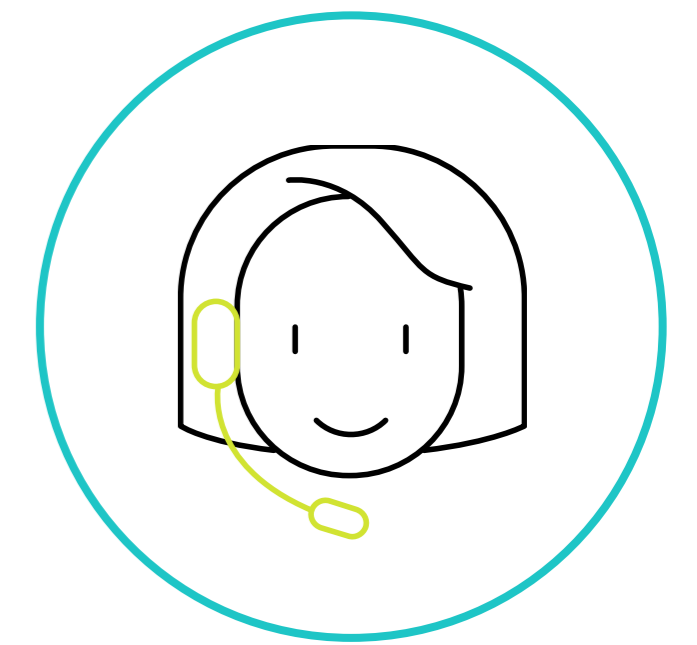**LOC usage campaign – delivered to eligible customers across multiple touchpoints**

**EMAIL**

**ATM MESSAGE**

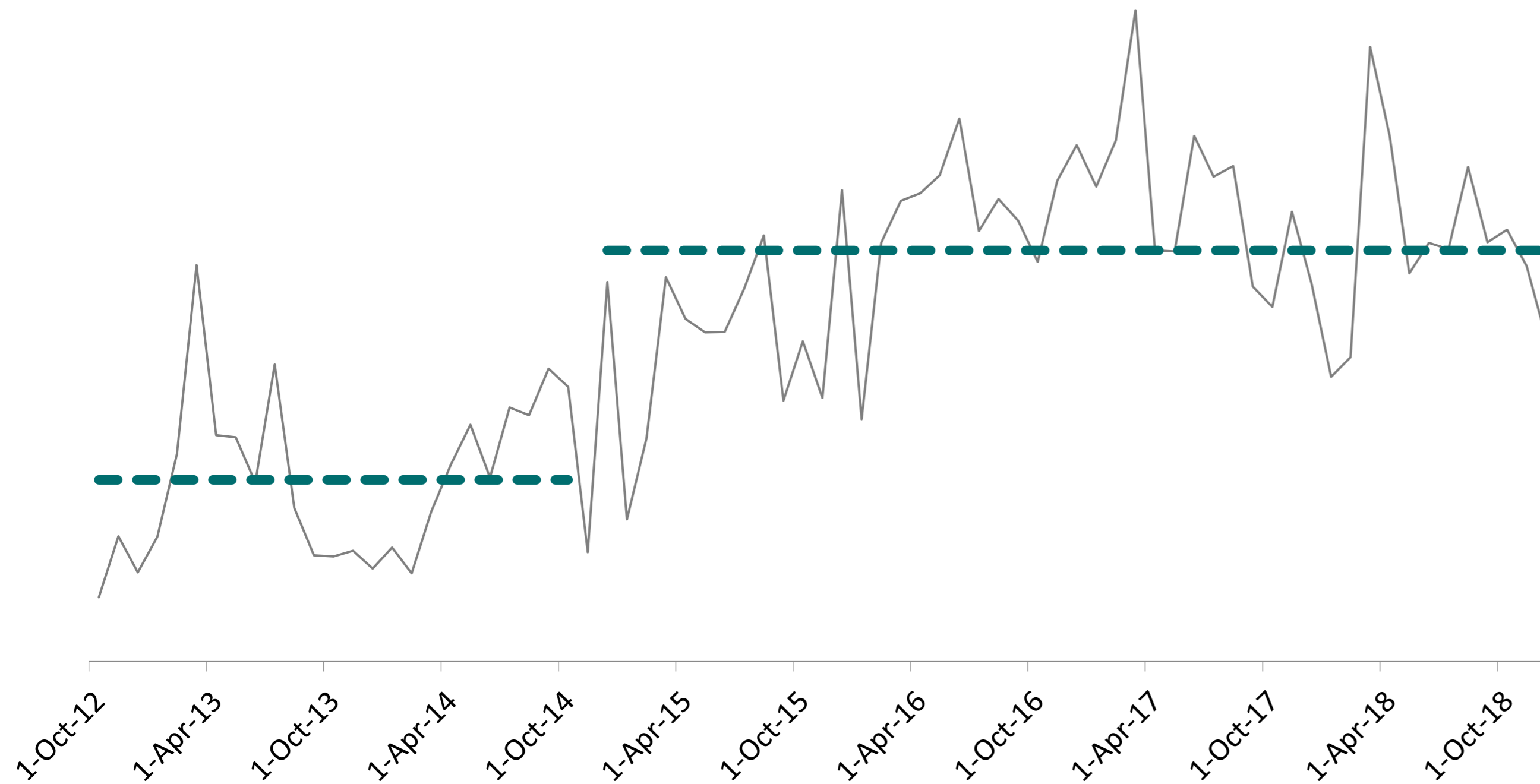**FACE TO FACE INTERACTION**

**DIGITAL BANKING**

**OUTBOUND SALES CALL**

# Seacoast's Model Is Driving Incremental Results from Current Customers:  No.1 – <u>Consumer Loans</u>

Incremental growth among customers with over 6 months tenure

Consumer Revolve and Installment – New Loan Dollars Per Tenured Customer
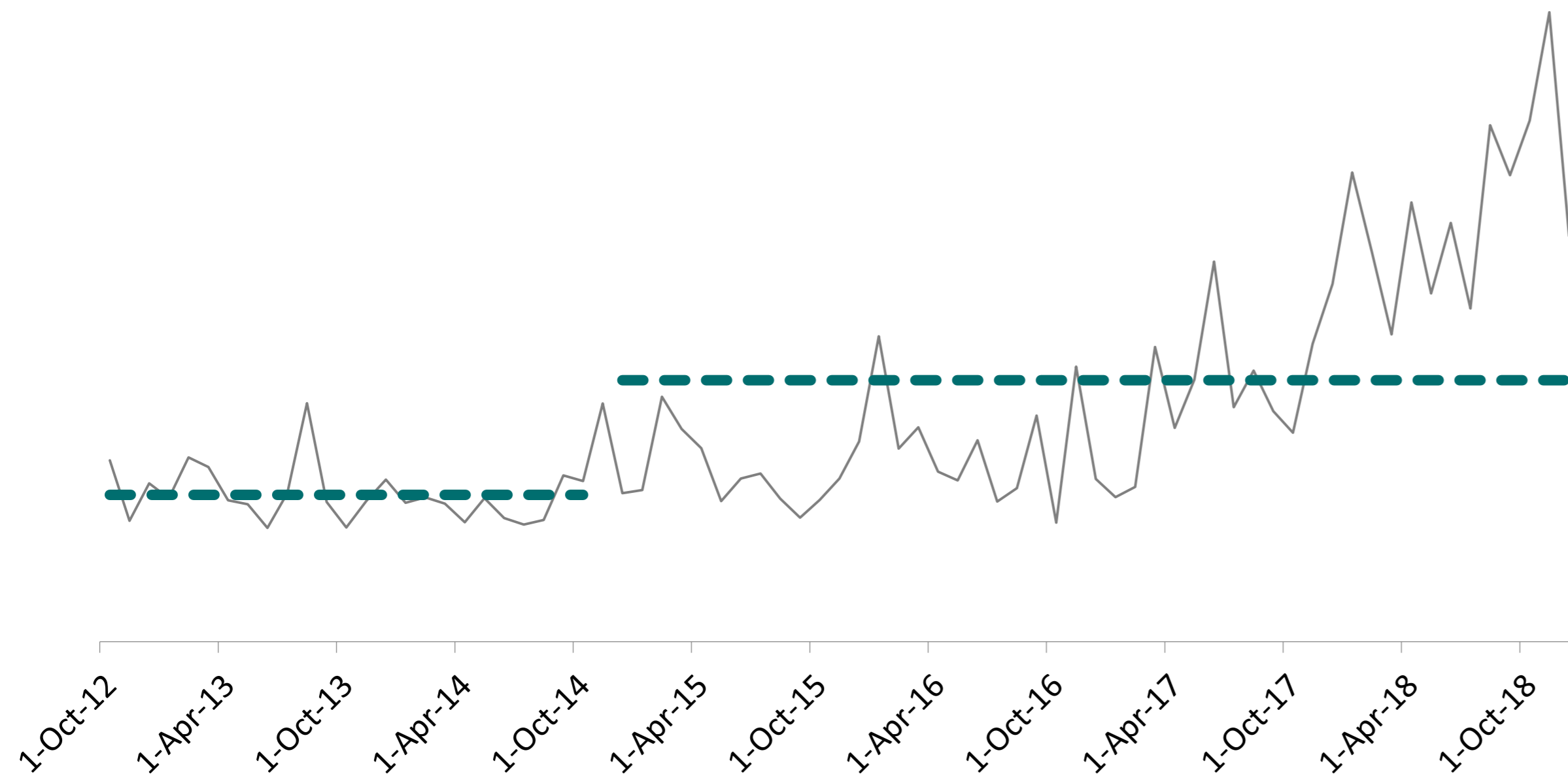
<u>Outcomes</u>



- <u>126% increase</u> in loan production effectiveness

- Directly supports loan granularity strategy

- Leverages existing cost structure to drive new growth

- <u>$13 million</u> in incremental NPV[1]

INVESTOR DAY | CUSTOMER ANALYTICS & MARKETING

[1]*Assumes loan spread is 3.5%, average life is 3.83 years, and NPV hurdle rate is 15%*

# Seacoast's Model Is Driving Incremental Results from Current Customers.  No. 2 – Consumer Deposits

Incremental growth among customers with over 6 months tenure

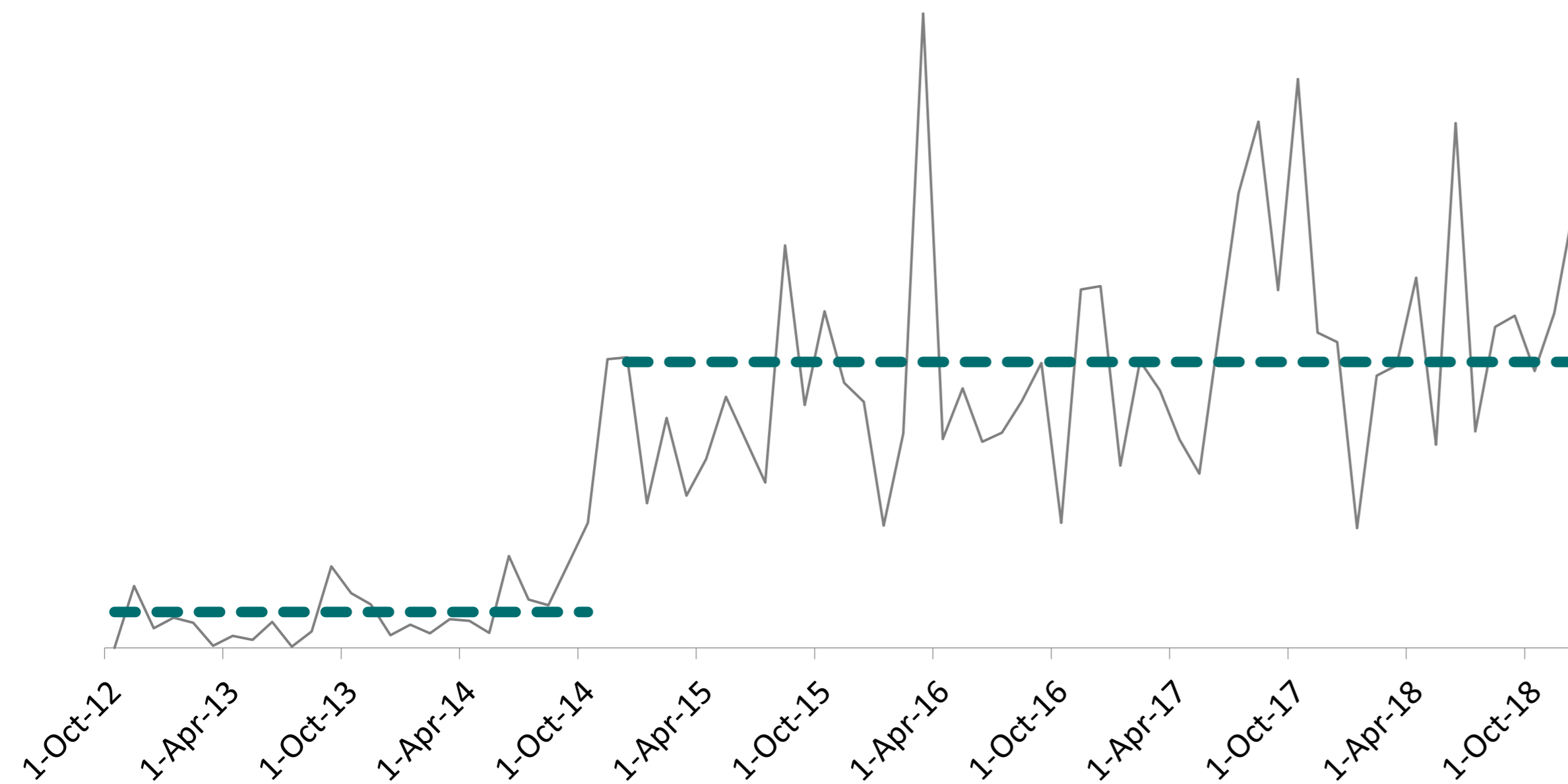Consumer Deposits – New Deposit Dollars Per Tenured Customer

Outcomes

- 78% increase in deposit production effectiveness

- Leverages existing cost structure to drive incremental deposits

- $26 million in incremental NPV[1]

*[1]Assumes deposit FTP is 3%, average life is 5 years, and NPV hurdle rate is 15%*

# Seacoast's Model Is Driving Incremental Results from Current Customers.  No. 3 – Small Business Loans

Incremental growth among customers with over 6 months tenure

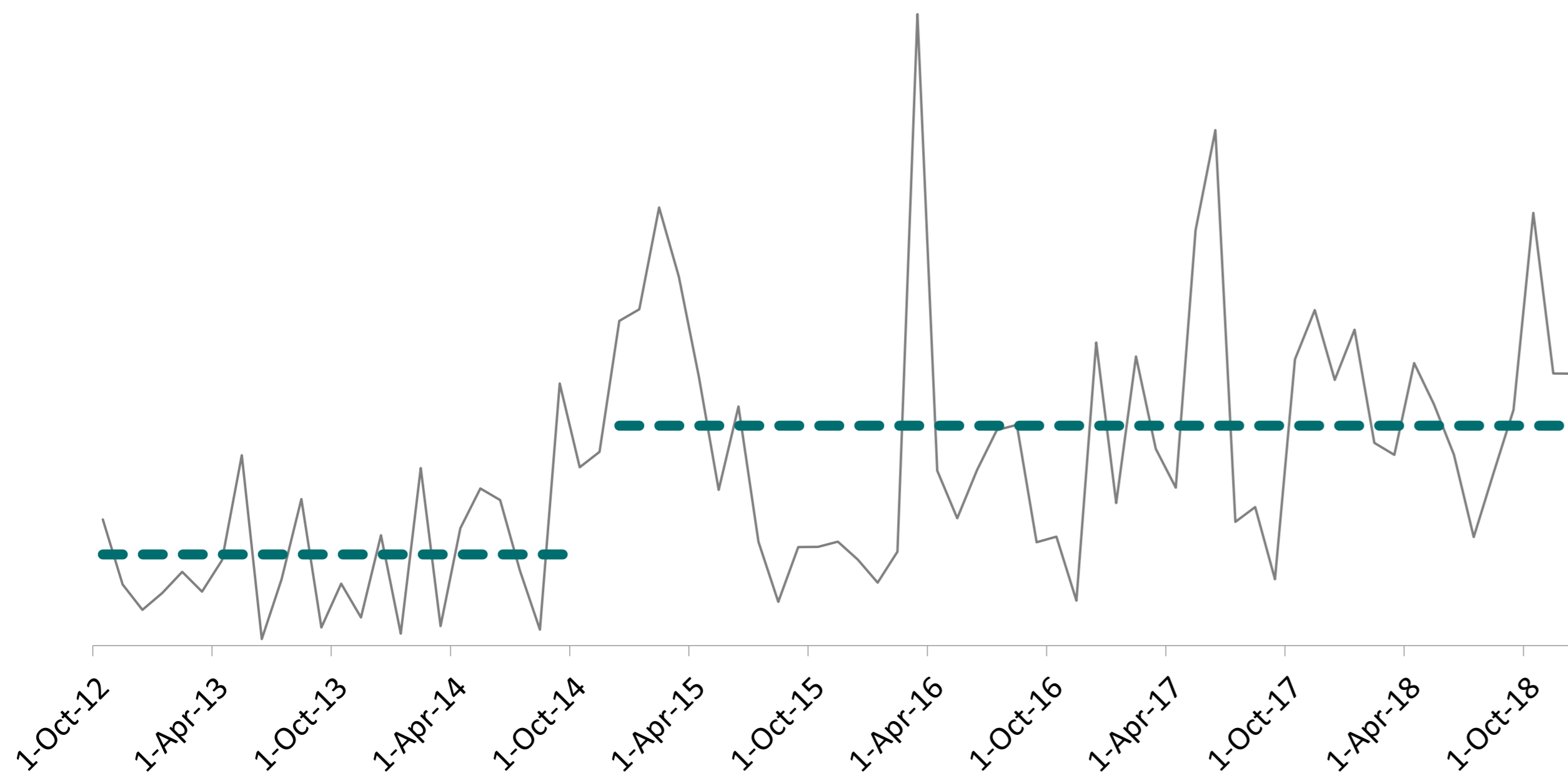Small Business Loans – New Loan Dollars Per Tenured Customer



Outcomes

- **700% increase** in loan production effectiveness

- Reflects strategic focus on small business and customer analytics

- Directly supports loan granularity strategy

- **$14 million** in incremental NPV[1]

INVESTOR DAY | CUSTOMER ANALYTICS & MARKETING

[1]*Assumes loan spread is 3.5%, average life is 4.67 years, and NPV hurdle rate is 15%*

9

# Seacoast's Model Is Driving Incremental Results from Current Customers.  No. 4 – Small Business Deposits

Incremental growth among customers with over 6 months tenure

Small Business Deposits – New Deposit Dollars Per Tenured Customer

Outcomes

- <u>149% increase</u> in deposit production effectiveness

- Reflects strategic focus on small business and customer analytics

- Leverages existing cost structure to drive incremental deposits

- <u>$14 million</u> in incremental NPV[1]

Chart x-axis labels: 1-Oct-12, 1-Apr-13, 1-Oct-13, 1-Apr-14, 1-Oct-14, 1-Apr-15, 1-Oct-15, 1-Apr-16, 1-Oct-16, 1-Apr-17, 1-Oct-17, 1-Apr-18, 1-Oct-18

# Seacoast's Model Is Driving Incremental Results from Current Customers.  No. 5 – Debit Interchange Fees

Incremental growth in average monthly spend per customer

Monthly Debit Card Spend Per Primary Checking Customer



Outcomes
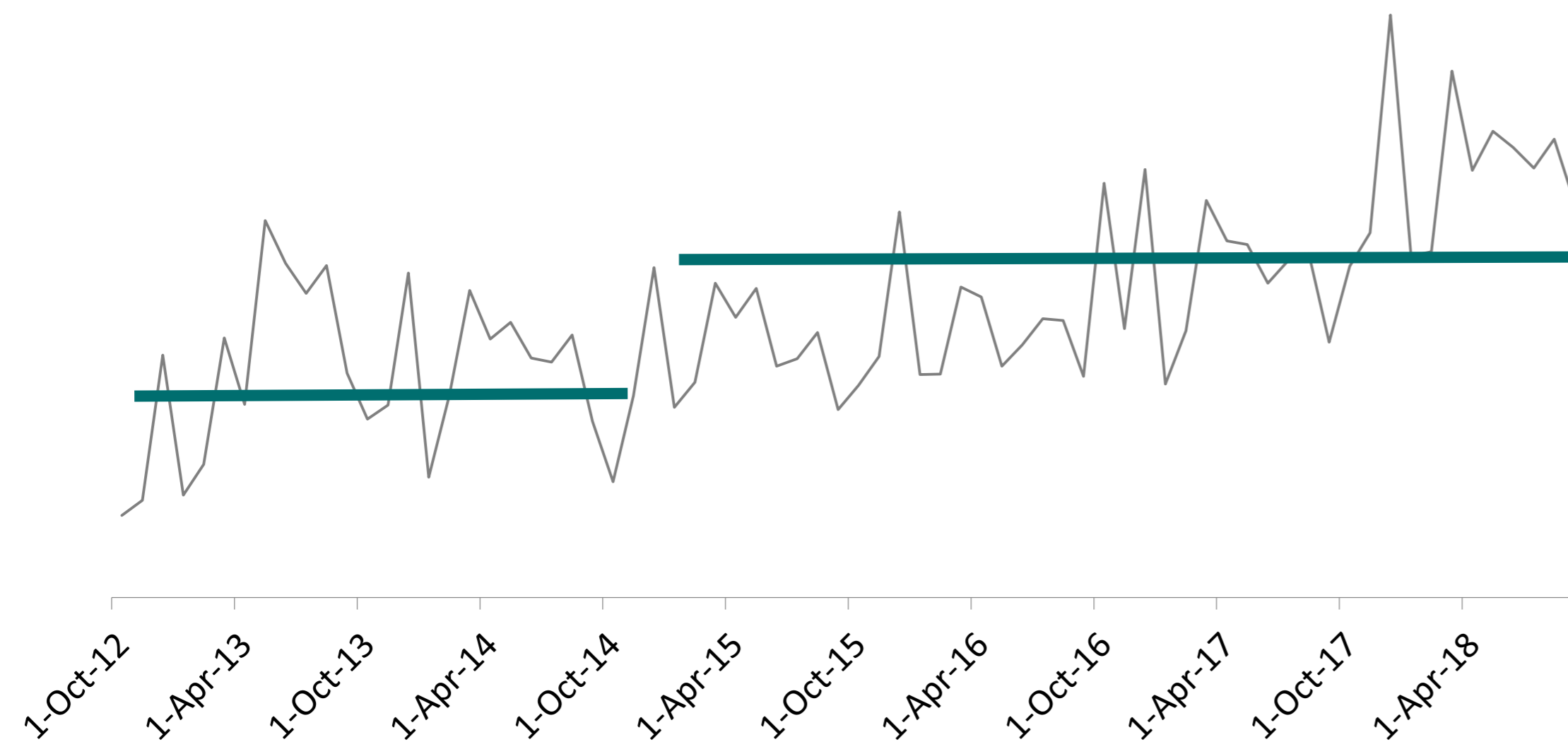
- 14% increase in average monthly retail sales per customer

- Leverages existing cost structure to drive incremental spend

- Ranked #175 out of 5,000 principal Visa banks for retail sales[2]

- $9 million in incremental NPV[1]

INVESTOR DAY | CUSTOMER ANALYTICS & MARKETING

[1]Assumes average life of checking account is 7.5 years, interchange rate is 1.2%, and NPV hurdle rate is 15%
[2]Visa Debit Scorecard, Q3 2018

# Customers Value Seacoast's Advice and Take Action



**Act on the financial advice received? (% yes)** (y-axis, 30%–80%)

**Received any financial advice from a bank rep? (% yes)** (x-axis, 10%–50%)

Data points labeled: Seacoast, National Bank (multiple), Regional Bank (multiple), Florida Bank (multiple)

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Seacoast
BANKING CORPORATION
OF FLORIDA

# With a Single View of the Customer, Seacoast Has Greater Insight into Value Creation Than Its Peers

| A Few Examples of Opportunities within the Existing Customer Base | Size of Audience | Simulated Opportunity |
|---|---|---|
| **Increasing Deposits from existing customers**<br>*Number of current customers with balances **below** their cohort group* | 58,799 | 25% improvement = $60MM in NPV potential |

*NPVs are simulated at 25% penetration improvement to show magnitude of opportunity. NPV assumptions footnoted on slides 7-11*

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| **Increasing our share of Wealth**<br>*Number of current customers **with wealth propensity** but no wealth relationship with Seacoast* | 66,511 | 5% Improvement =$12MM in annual potential fee revenue |

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**Seacoast has been very successful to date and has significant further opportunity to extract value from our customer base**

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# Seacoast Will Continue to Develop a Prospect Marketing Competency to Complement Its Field Sales Force

## Campaign Contribution Net of Control
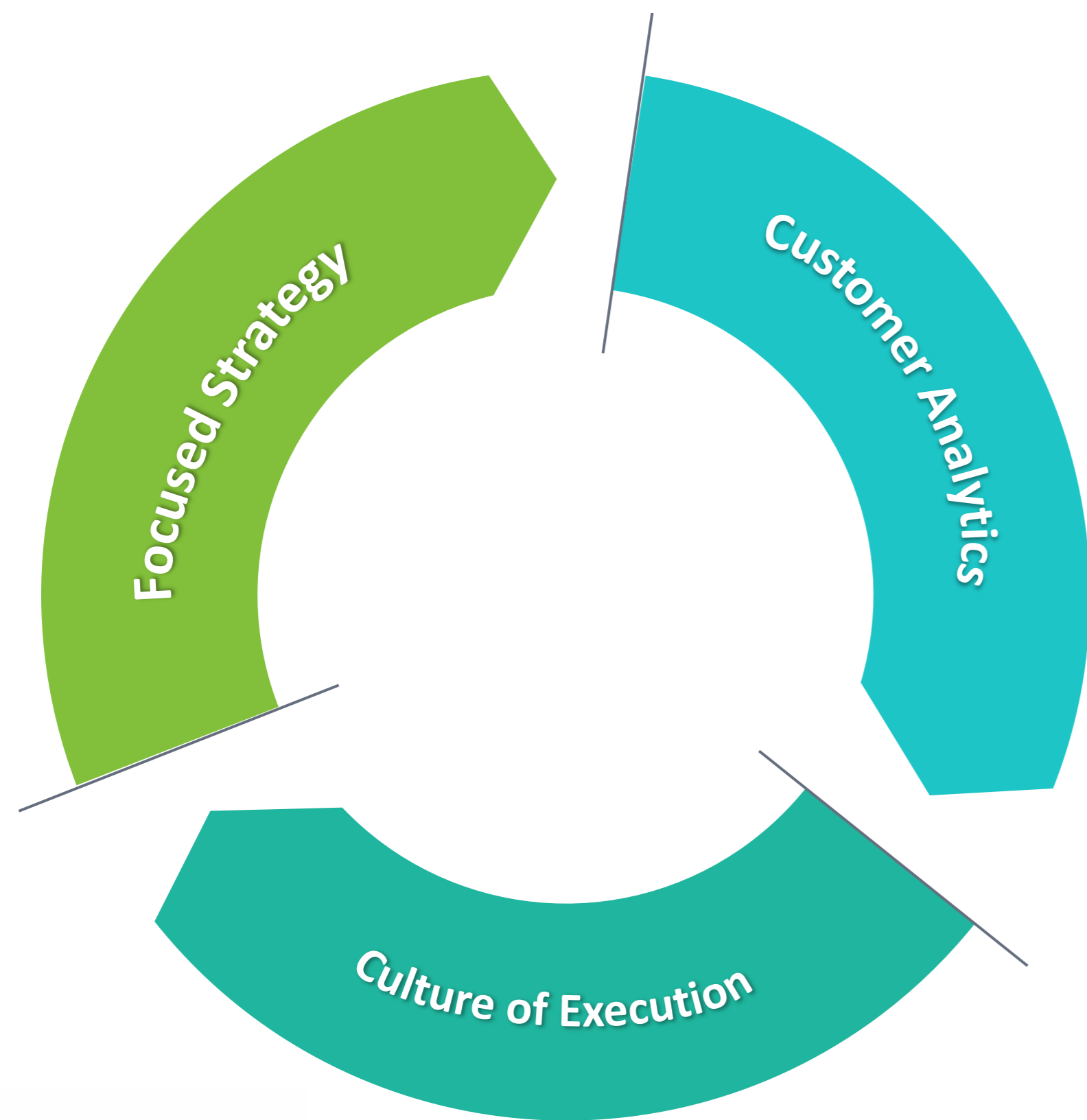


2016    2017    2018
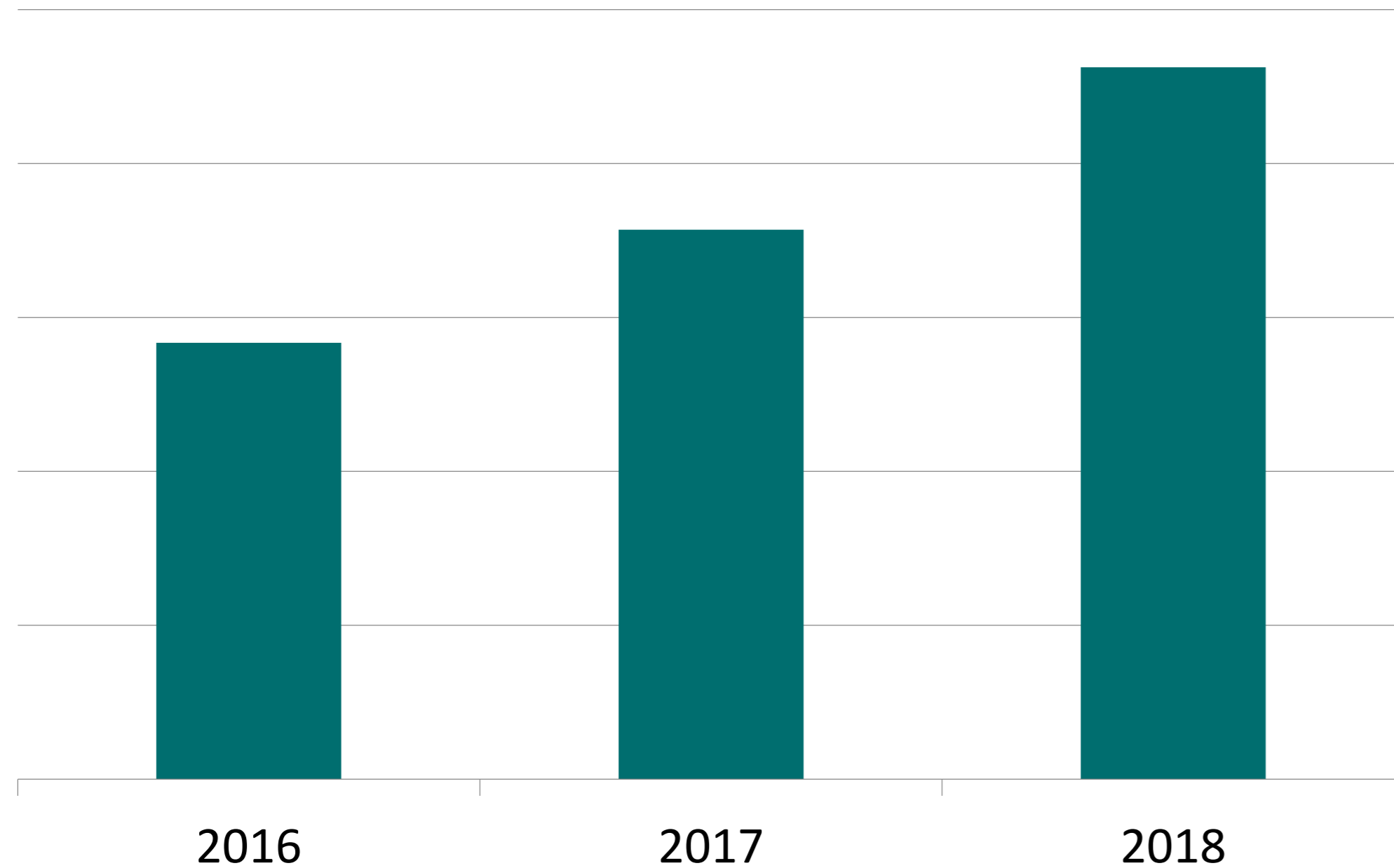
## Campaigns Customized To Valuable Prospects, With Multiple Campaigns Each Year



**Rigorous Measurement and Tracking at an Individual Customer Level Enables Seacoast to Continually Optimize Efforts**

# Seacoast's Model for Understanding and Managing Existing Customers Powers Its Growth Engine

Strategy Helps Focus Analytics, Which Drives Execution…

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