KQ

The Deluxe Knowledge Quarterly™ KQ1 2012

A PUBLICATION FOR FINANCIAL PROFESSIONALS

FINDING CUSTOMERS WITH THE GREATEST PROFIT POTENTIAL

DELUXE Knowledge Exchange℠

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Here are just a few of the inspirational ideas you'll find in this issue of *The Deluxe Knowledge Quarterly.*™ Try them at your institution — and see a real difference.

— The Deluxe Knowledge Exchange Team

Putting It Into Practice

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To enhance your understanding of each individual's banking preferences, overlay traditional targeting data with data from Facebook, LinkedIn and other social networks. *The Segment of One*

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What Are You Saying and To Whom?

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We're only one-third into the year, but I'm already excited about where this industry is going. Positive energy is everywhere. People are more realistic and optimistic.

Barely a year ago, the red flags flew as many adopted fee-focused strategies to close the profitability gap. Banking was a lonely place. Although regulatory issues remain front and center, they are no longer the only focus. There is scrutiny over the entire operating model, including ways to deliver value — real value — to customers and members.

This issue of *The Deluxe Knowledge Quarterly* focuses on targeting: who, how, why. On page 12, Brenda Bence astutely observes that many financial institutions still avoid appealing emotionally to consumers, emphasizing product benefits instead. This is a questionable practice indeed, considering we work in the emotionally charged business of handling people's money.

Both of our other guest authors, Jamie Beckland and Jay Nagdeman, offer useful tips that help to move us away from using life events as a source of targeting insight. I believe this industry relies too heavily upon traditional family structures that no longer represent the majority, which can lead to consumer alienation instead of attraction.

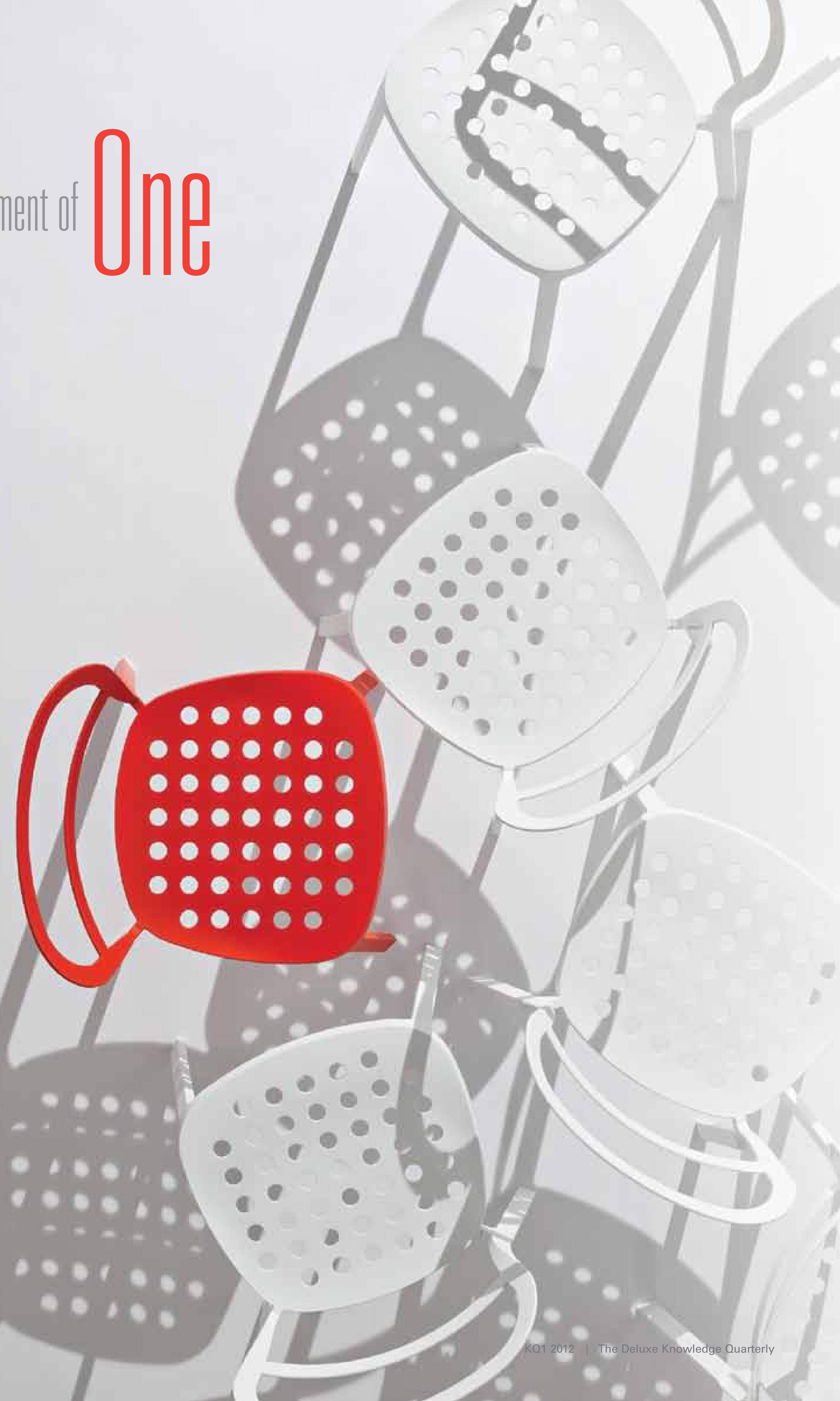
Speaking of avoiding alienation, Will Marré offers more great words to live by on page 14. He asserts that happiness is running low in our hectic lives, but offers an easy fix: develop deeper and more meaningful relationships. I see his point. Technology enables me to stay connected from a distance to my friends who adopted a baby girl and my niece studying in Paris, but the operative word is *distance*. These are unacceptable substitutes for spending time together, in person and uninterrupted by technology.

Marré equates being happy with being present: to customers, colleagues, family and friends. His message is right on target. I hope the pages that follow help you feel the same about what you have to say — and who you say it to.

Martie Woods
Chief Experience Officer
Deluxe Financial Services

The Segment of One

by Jamie Beckland



Capitalize on the incredible potential of social profile data.

Jamie Beckland is a Digital and Social Media Strategist at Janrain, where he helps Fortune 1000 companies integrate social media technologies into their websites. He is a frequent writer and presenter on social media strategy and tactics, mobile computing, digital stream convergence and other forward-looking topics. Current and previous clients include Dr. Pepper Snapple Group, Techcrunch, Engadget, Wells Fargo, Nike, KinderCare, and many others. Learn more at janrain.com.

Over the past 30 years, the "cult of me" has moved from marketing concept to daily reality. In the 70s and 80s, self-expression and individuality were seen as key differentiators between American freedom and communist conformity. Baby Boomer parents, eager to support their Gen Y children, reinforced the idea that each of us is unique.

Today, Facebook creates experiences based on the same premise, with a news feed that places the most important information "to me" front and center.

This notion has also raised customers' expectations about how, where and why financial institutions market to them. Conventional targeting data simply can't provide moment-to-moment insights about how consumers' opinions and attitudes change as they move across the web. Fortunately, we can find these insights in other ways. By overlaying traditional targeting data with social profile data from Facebook, LinkedIn, Yahoo and other social networks, we can generate a much more holistic understanding of each individual we are trying to reach with a targeted marketing message.

Make finance more personal

This new approach allows marketers to include sophisticated psychographic data in consumer profiles. Traditionally, we would determine that a customer is in-market for a mortgage because they visited a mortgage calculator. Today, we can correlate that experience with who that customer follows on Twitter, to see if this person is communicating with real estate agents. We can review the customer's social graph to find out if there is a new baby in the family. Or we can monitor the customer's LinkedIn profile to see if they accepted a new job that will require a cross-country move.

In terms of customer acquisition, this is uncharted territory. Financial institutions have always been at the forefront of personalized marketing when it comes to current customers, even with limited account information. However, while banks and credit unions have a unique ability to understand customers in a deep and profound way, marketing opportunities are often lost due to the lack of detailed behavioral data.

Banking and finances have always been personal. In fact, new services like Mint.com have built effective acquisition channels by aggregating financial data from multiple institutions. Yet traditional financial institutions still struggle to mine customer data for revealing psychographic information. Instead, Mint.com is pushing your own customers back to you for specific upsell opportunities.

Encourage over-sharing

Building a strong customer relationship is not a new concept. But these relationships can be much richer if you recognize consumers' large digital footprint. Psychographic data allows messaging to align more closely with the mental modality of the customer. Allowing customers to share their social profiles with financial institutions delivers unprecedented access to very granular data about who customers are (relationship status, alma mater, work history) and what they care about (interests, status updates).

In order to access this rich data, banks and credit unions must make it worthwhile for customers to link their social identity to yours. If there is value in the exchange, customers will be happy to share profile data from one or more social networks. The promise of a highly personalized experience is a very attractive benefit for today's consumers.

(continued)

The American Express "Link, Like, Love" campaign offers a great example of how to make this approach work. Through this campaign, small businesses offer targeted discounts to customers who fit specific demographic, psychographic and behavioral profiles. Social profile data from Facebook is used to create targeted offers. The result is a truly innovative way to increase customer loyalty.

Find your niche

Once you have tapped into the wealth of social profile information, targeting possibilities grow exponentially. Instead of cutting a file by age — in order to communicate with likely Empty Nesters, for example — you can simply query by specific age dates (confirmed by the customer) and mine semantic queues from status updates that tell us when the customer's child is heading off to college. You are talking to a much smaller group, but one that is much more highly qualified.

In this way, targeting becomes an exercise in understanding and exploiting niches. As the amount of data about prospects explodes, we need to focus on drilling deeper into consumer psychology and uncovering profitable new targets for messaging. The future of targeting will be fueled by social profile data. To succeed, you will need to apply intelligence and creativity to reach these targets more effectively.

What did you think of this article?

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Dust off those ideas. Something you ruled out three years ago might be the ideal move today.

180 Time

The merits of revisiting and maybe even contradicting some decisions of old.

If you follow the many twists and turns in the fashion industry, you are probably aware of Versace's decision late last year to design a spring 2012 line for H&M. This was a curious move, given the Versace reputation for timeless high fashion compared to H&M's reputation for 'disposable,' fashion-forward clothing. Each strategy is sound by itself. But together?

Compounding the curiosity is that in 2008, Versace announced it would not partner with H&M, citing disparity between its focus on classic luxury and the H&M focus on design for the short term. The fear was that this collaboration would confuse and dilute both brands, delivering questionable benefit to either.

Fast-forward to today and the on-again partnership. This 180 in Versace's position is a popular topic of contempt in fashion media circles. However, such criticism erroneously assumes that the global marketplace looks the same today as it did three years ago.

In 2008, we weren't collecting Groupon and LivingSocial discounts. The save-more-than-you-spend trend had not yet begun, nor had the Missoni partnership with Target. And H&M was nowhere near the household name that it is today.

Versace astutely recognized that a strategy that didn't make business sense prior to the economic crisis now just might: appealing to the rising numbers of bargain shoppers looking for fashionable clothing at a value price.

The lessons for banking? Don't assume that the partnerships and positions you ruled out in 2008 are still not feasible. Equally important, encourage your business bankers to keep a watchful eye on market changes and new opportunities, so that they can effectively coach the business owners they serve.

Changing market forces, social economics and consumer trends create ample opportunity for new decision-making. The trick is to know when is the right time to revisit decisions of old. Now might be one of them.

Our Point of View

1. Experiences should be rooted in your story.
2. Experiences should explore and celebrate customer values.
3. Experiences should be purposeful and inspire the heart.
4. Experiences must be meaningfully measured.
5. Experiences live or die by stewardship.

Zeroing In

by Jay Nagdeman

In response to economic turmoil and significant structural changes in the financial services industry, customers have become increasingly differentiated in their needs and purchasing behaviors. As a result, banks and credit unions must develop a heightened sensitivity to the concerns and preferences of discrete customer segments. The key to success is a pragmatic approach that focuses limited marketing resources on the most receptive segment for a specific offering.

A concept as old as marketing itself states, "Don't find customers that are right for your products, find products that are right for your customers."

General Motors provides an early example of successful target marketing. Nearly a century ago, GM categorized buyers into price/quality segments, then customized its products, messages and promotions to the unique needs of each group. This practice was the beginning of the GM family — from Chevrolet to Cadillac. In addition, Ford was caught flat-footed and, in an attempt to regain a competitive stance, closed its main plant for a year to retool.

The GM example illustrates the hallmarks of an effective targeting strategy:

- *Align* products and services with the specific needs of customers in clearly defined market segments.
- *Deliver* powerful messaging that breaks through marketplace clutter and appeals directly to those needs.
- *Transform* the offering's appeal by focusing on specific benefits and attributes that are important to the targeted segment.

Focus on the message

There is no doubt that messaging has the power to shape marketplace perceptions and can, therefore, be a major factor in shaping a financial organization's marketplace success.

Very few financial offerings are exclusive or unique. So why, then, do some institutions grow market share while others lose it? In many cases, the answer is messaging. Successful banks and credit unions use powerful messaging that appeals directly to carefully defined market segments.

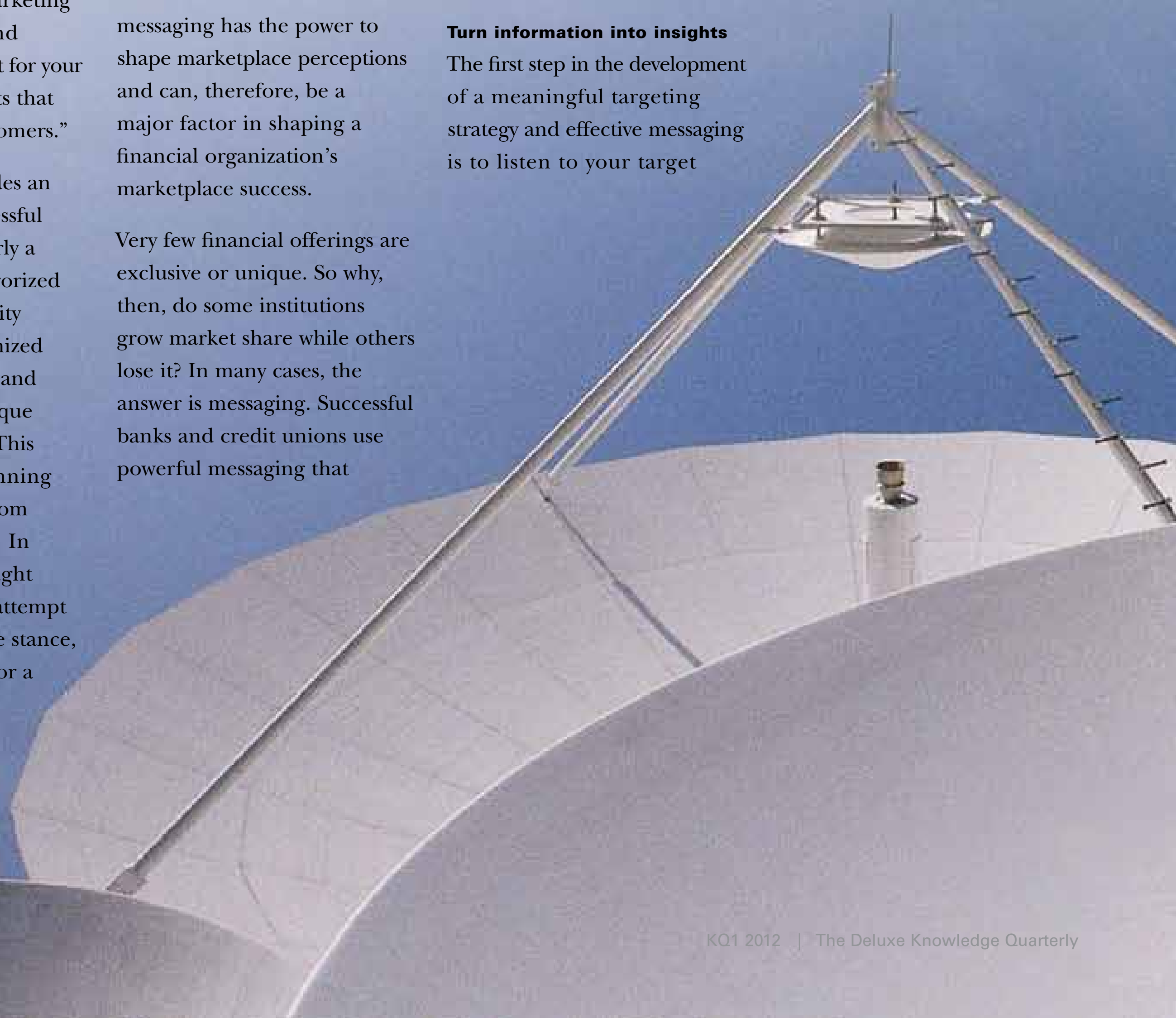
The creation of strong, benefit-driven messaging is more art than science. It involves a series of interrelated decisions that include:

- prioritizing customer needs and wants
- determining which benefits are interdependent
- matching consumer needs with product benefits
- deciding how to communicate these benefits in a way that will have the greatest appeal.

Turn information into insights

The first step in the development of a meaningful targeting strategy and effective messaging is to listen to your target markets. Focused market research lets an organization look at products and services from the customer's point of view. It can reveal not only who buys your products and services, but also when, where, how and why.

Far too many organizations assume they understand their target markets. As a result, they waste precious resources on campaigns that address their own perceptions, rather than those of their customers. Banks and credit unions have



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The power of focused segmentation and marketing initiatives.

a head start when it comes to market research because they already collect and store a tremendous amount of customer information. The longer the relationship, the greater the chance that a customer's transaction history will provide valuable insights into product preferences and purchase triggers.

Take careful aim

A focused segmentation strategy and compelling, benefit-driven marketing messages are two of the primary tools that banks and credit unions need to effectively address key marketing issues. To offer some examples:

Profitability. It is generally accepted that 80% of your business comes from 20% of your customers. Targeting lets you "clone" your best customers by focusing your marketing budget on segments that exhibit similar preferences and behaviors.

Retention. It costs five times more to sell a prospect than a current customer. Targeting can facilitate the development of focused programs that enable you to build stronger customer relationships by appealing directly to their concerns. It is important to consider that increasing retention by 2% has the same effect as cutting costs by 10%.

Cross-selling. Retention rates increase exponentially with the number of products and services each customer uses: 14% for customers who use one product, 56% for those who use two, and 83% for those who use three or more products. Targeted cross-selling can significantly improve the average life of your customer relationships.

Segmentation and targeting can help banks and credit unions develop effective customer-driven marketing initiatives. The rewards can be considerable — competitive differentiation, increased marketplace acceptance and significant incremental returns.

Jay Nagdeman is president of Suasion Resources, a specialized organization that provides marketing consulting services only to clients in the financial services industry. For the last 30 years, the firm has helped some of the country's leading financial organizations tailor fresh and innovative marketing approaches and, in the process, has created some of the industry's best marketing practices. Learn more at suasionresources.com.

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Peering IN

Feedback Loop

An innovative member experience evaluation program makes it easy to reward good service and identify areas for improvement.

Credit Union West
Glendale, Arizona

Credit Union West had been using actual members in its mystery shopper program for years, setting the stage for receiving useful feedback on the customer experience. However, it was the quality and timeliness of survey information gathered that needed further optimization.

With its longstanding mystery shopper program, Credit Union West's IT department randomly pulled names of members involved in recent branch transactions, and sent a compiled list of those names to a third-party survey company. Several weeks later, a survey would appear in the member's mailbox.

"By the time our questionnaire reached a member, 30 days or more had passed since the transaction and details were sketchy," said Sarah Davis, Vice President and Chief of Branch Operations at Credit Union West. "Many respondents weren't even sure which transaction the survey was about. This led to low response rates and incomplete information for many of the surveys we received."

According to Davis, up to 75 days would pass before her management team received completed surveys — and in many instances, the employee involved had forgotten about the transaction. "We knew our coaching would be more effective with evaluations on interactions that were fresh," she said. "We set out to significantly reduce our survey turnaround time, so that we could receive better information and our staff would learn more fully from their experiences."

Davis assembled an internal task force to achieve this goal, composed of management, marketing and IT personnel. The team considered three options: creating a program internally, partnering with a local college, or using a third-party vendor.

"We quickly ruled out the do-it-yourself and college options because they were cost- and time-prohibitive," she said. "That left us with one feasible option, which thankfully led us to Deluxe."

The power of immediacy

In third quarter 2010, Credit Union West viewed a demo of the Deluxe Voice of the Customer Solution (see sidebar), which led to the solution's implementation across its 11 branches in January 2011. "We immediately saw a match between our goals and what this solution could do," Davis said. "So we jumped right in and got started."

With Voice of the Customer Evaluations, select members are asked to fill out an online survey shortly after an interaction with a front-line or call center employee, in exchange for a financial reward. The survey information gets instantly and automatically input into a secure, web-based database, which authorized users can access to review employee performance metrics, drill down for detail and generate reports.

Member participation is essential to the success of any mystery shopper program, and Davis says her credit union has seen a significant increase in completed surveys received since launching Voice of the Customer. "Our members feel special by being singled-out in this manner, and they appreciate how fast, easy and natural it is to participate," she said. "This program simply asks members to do what they would be doing anyway. There's really nothing to it on their part."

According to Davis, another strength of the Deluxe solution is that it emphasizes learning and rewarding good service over punishing people for their shortcomings.

"There is not a 'gotcha' feel to this at all," she said. "Since the feedback is so immediate, this is clearly viewed as a training tool, and our staff are very receptive," she said. "Deluxe's Voice of the Customer does a great job of both recognizing what we do well and highlighting those areas that could stand improvement."

Tangible results

Credit Union West has always prided itself on member service, but with the Voice of the Customer Solution in place, it now has some hard numbers to back that up. Survey results have consistently exceeded the credit union's benchmark of a 90% performance rating and an 8.5 out of 10 for quality of service.

"All 11 of our branches have exceeded this goal every month," Davis said. "I believe this is related to our improved ability to track performance and provide on-the-spot feedback."

The credit union launched its Star TEC (Together Employees Care) program in 2011, as a way to recognize employees who achieve 100% performance survey results for each month. Each Star TEC recipient receives a "Leading by Example" certificate the first time he or she receives a 100% performance survey. Employees earn a lapel "Service Star" for each of the next three times a perfect performance score is achieved.

When five stars are earned, the employee becomes part of the Galaxy Club and receives a lapel pin with five stars.

Upon earning the sixth 100% survey result, the employee becomes a part of the elite Universe Club and receives a certificate, ribbon and recognition at his or her branch. There were three Universe Club recipients in 2011 — and at the time of this writing, the credit union had set a new record of 29 Star TEC pins issued in a single month.

"This program really works," Davis said. "I'd definitely recommend it to any financial institution looking to quantify member service and reward good work in a timely and constructive fashion."

Deluxe Voice of the Customer In-Branch Evaluations

Easily and accurately measure account holder loyalty and satisfaction.

As customers or members visit your branches, they gather priceless customer satisfaction, loyalty and advocacy information. The Deluxe Voice of the Customer solution provides an automated, user-friendly and web-based tool for getting this information to you. Your institution will have ongoing access to a real-time, automated reporting system that is completely customizable to your needs, and easily understandable in a Dashboard format. You will be well equipped to identify both the strengths and opportunities for improvement within your organization.

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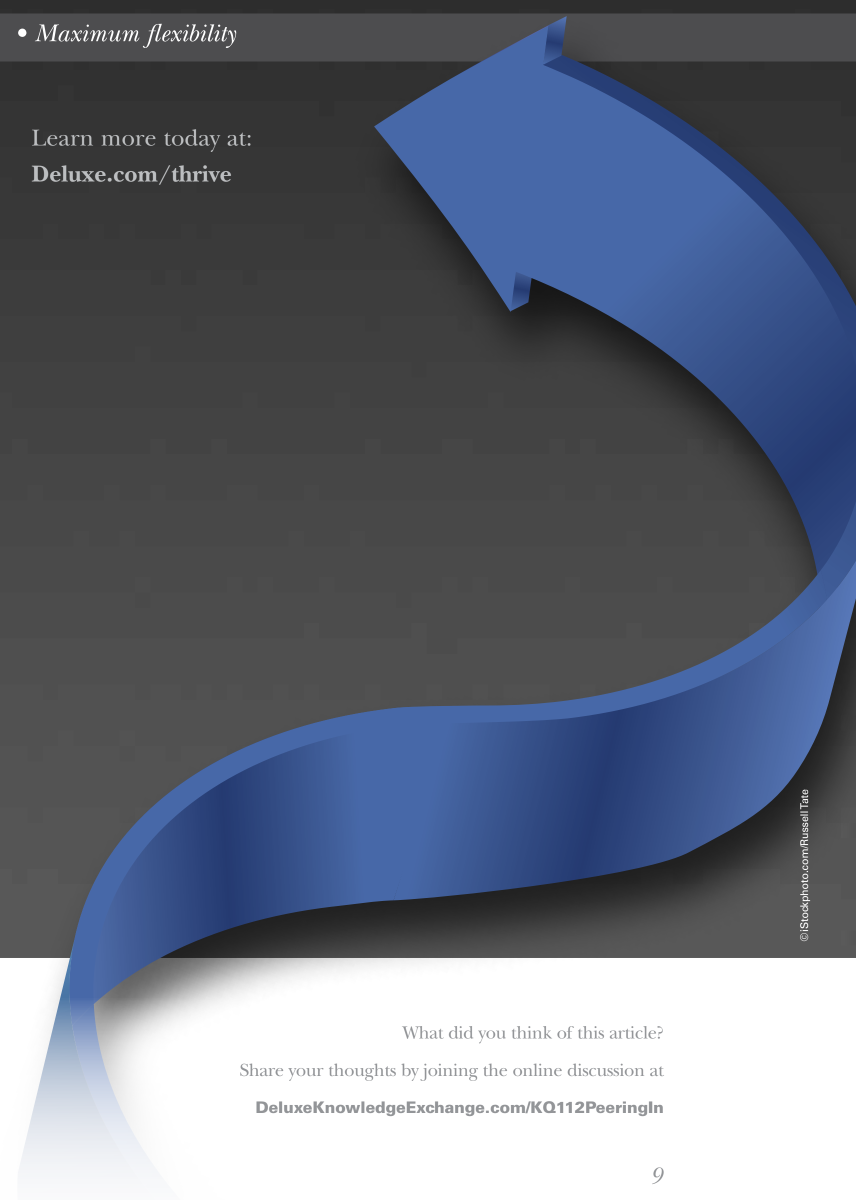

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Heather Vaughan is the Experience Director at Deluxe, overseeing the strategy and direction of the Deluxe Knowledge Exchange. She leads a team responsible for the development and implementation of the Deluxe Collaborative Experience, The Deluxe Knowledge Quarterly *publication, and the Deluxe Knowledge Expo. Heather has also been heavily involved with the Deluxe Collaboratives, which have resulted in the development of innovative new solutions for Deluxe clients.*

It's On!

The 2012 Collaborative officially begins. This year's topic: *Thriving by 2015: Retailing Profitable Solutions.*

by Heather Vaughan

Last year's Collaborative made believers out of all who participated, and most in this industry weren't far behind. The reality: In order to thrive, banks and credit unions must conduct themselves in a radically different way. Customers demand greater access, immediate information and more control. All of this challenges the assumptions on which this industry has operated for decades.

It does not mean that opportunity has dried up. In fact, the potential to grow and succeed remains limitless in this industry. But first and foremost, the earnings equation has to change. Financial institutions must find new ways to generate profit from their existing solutions, by better aligning what they offer with what customers value and are willing to pay for.

Further, banks and credit unions must become better retailers. Much better.

What should be done for retailing now to ensure profitability within three years? That is what the 2012 Collaborative is setting out to discover. The team will build upon previous research and focus intently on the consumer mindset to answer these and other key questions:

- *How can we help consumers get their jobs done?*
- *What solutions will deliver both consumer value and institutional profitability?*

In February, the Collaborative met for the first time to shape the year's journey. The team brings together thought leaders, experience experts and your industry peers, all working intensively for several months to explore opportunities for successful retailing.

Team members will conduct in-depth research and interviews, develop ideas and test their concepts with consumers. They will also frequently meet with each other to share their insights. The most compelling findings will provide the framework for what we share at the 2013 Deluxe Knowledge Expos. We are truly excited about the discoveries that await.

Over the next year, we will cover Collaborative progress in this magazine, and frequent posts will be made to the Collaborative blog and our Facebook site. Also make sure to meet this year's Collaborative members online at: DeluxeKnowledgeExchange.com/Collaborative

Step Up and **Reap the Rewards**

America's small businesses face low consumer confidence and an all-around struggling economy. This presents a great opportunity for banks and credit unions to step up their game and find new ways to strengthen relationships with small business customers.

According to the National Federation of Independent Business (NFIB) October Optimism Index, getting new customers is a major problem for small businesses. Twenty-six percent of the owners surveyed identified "poor sales" as their top business problem.

Small businesses need the support of their banks and credit unions, and there are endless options for earning their trust and taking your place as a trusted partner. Here are a few ideas to get you thinking.

Start a business blog
Many business owners turn to blogs for advice and to keep up with industry trends. By offering a blog on your website with an RSS feed and/or email signup functionality, you can make more frequent and effective impressions on your small business customers.

Get useful tips for launching your business blog at: DeluxeKnowledgeExchange.com/KQ112SmallBiz_BlogTips.

Regularly profile a small business customer
By interviewing select small business owners and featuring their stories in your branch and on your website, you will clearly communicate your commitment to this segment.

Find ideas for featuring your small business customers at: DeluxeKnowledgeExchange.com/KQ112SmallBiz_Profile

Sponsor a "cash mob"
With cash mobs, participants secretly organize on social media to assemble at a local small business at a specific place and time, with plans for each person to spend a certain amount of money. According to the *International Business Times,* small businesses have reported tripling their sales through cash mobs.

Follow steps to organize your cash mob at: DeluxeKnowledgeExchange.com/KQ112SmallBiz_CashMobs

A clear call to action
At the Federal Reserve's conference on small business and entrepreneurship late last year, Chairman Ben Bernanke acknowledged that healthy small businesses were essential to past U.S. economic recoveries. He encouraged individuals and institutions to support small businesses in every way possible, as a means of helping us hasten this recovery.

As a bank or credit union, you have the power to help this vital customer segment — and by extension, an entire country — in its time of need. You also reap the rewards of establishing stronger connections and more profitable long-term relationships with small business owners.

SMALL BUSINESS by the numbers

98% of U.S. businesses are small businesses

Source: United States Small Business Administration

1 in 4 small business owners surveyed identified "poor sales" as their top business problem

Source: National Federation of Independent Business (NFIB) October Optimism Index

9,800,000 jobs were created by small businesses from 1993–2009

Source: Small Business Administration Office of Advocacy

What innovative ideas do you have about serving small business customers? Share yours online:
DeluxeKnowledgeExchange.com/KQ112SmallBiz

The *heart* of the matter

by Brenda Bence

The average urban American encounters thousands of brands every day. So how do you get your institution's brand to stand out? Build a connection with your customer. While that may seem obvious, I see banks and credit unions repeatedly fail to do this. Why? They focus solely on functional benefits, not emotional ones.

If your brand messages emphasize better rates or credit cards accepted in more places, you've fallen into the "functional benefit" trap. By highlighting only what's tangible, you prioritize features your competitors can easily copy or beat. The results? No connection with your brand and low customer loyalty.

When a customer chooses one financial institution over another, that decision is far from rational. It is emotional. The real battle of branding — and by extension, of targeting — is in vying for hearts, not heads.

The value of experience

Take the coffee industry. This example has been used before, but it illustrates my point perfectly. Coffee beans cost about $0.01 per cup. Put the same beans into branded packaging in a grocery store and the cost rises to $0.25 per cup. Brew that coffee in a service-with-a-smile restaurant and the cost increases to $1.50 per cup. Yet at Starbucks, we pay up to $5 per cup! Are we crazy? Is that "choca-mocha-froca" truly that much better? (I can never keep those names straight.)

Starbucks doesn't just offer a better tasting cup of coffee, which is a functional benefit. Starbucks provides a unique, rewarding coffee *experience* — an emotional benefit. This is what sets the brand apart and drives hundreds of thousands of consumers to pay premium prices.

Make emotional connections with customers to become their brand of choice.

You can do the same with your brand. After all, what could be more emotional than financial security, especially during challenging economic times? Improving the emotional experience you offer your customers is one of the fastest, least expensive ways to build your brand while raising your prices. If your brand offers a better experience, people will pay for it.

Do you (really) know your customers?

Before you can create the right emotional experience for your customers or members, you need to understand them. Most marketers think of target customers solely in demographic terms: age, gender, income, education. But this information is only the tip of the iceberg. It doesn't really help you "know" your target. For example, consider two women. They're both in their 30s with bachelor's degrees, earning the same salary. If one is a self-employed website designer and the other is a company accountant, they will have very different financial needs.

To win loyalty, you must go deeper and discover *psychographics* — such as how customers think, why they make certain choices, what matters most to them, and whether they're short-term thinkers or risk-averse planners.

There are dozens of ways to do this. Here are a few:

- Organize a "meet the expert" session and note the questions customers or members ask
- Conduct in-home visits and ask customers to share their biggest challenges in life or business
- Create an anonymous blog about the financial industry that invites comments
- Hire a research agency to conduct qualitative research
- Post employees at your branches to intercept visitors and ask about needs and concerns

Everything you do matters

Once you're clear on the psychographics of your target customer and the emotional experience you are aiming for, it's time to communicate a unique brand message. This is where a fundamental truth in brand-building comes into play: Your brand is communicated by what you do, not by what you say.

For banks and credit unions, *what you do* includes every customer interaction — every face-to-face meeting, Internet posting, social media entry, email, brochure, business card and phone call, and every exchange your front-line staff has with customers. If the "personal brand" of each employee isn't aligned with your overall brand, you won't create the right emotional experience or build strong connections.

Let's say your target market consists of wealthy individuals who are conservative and cautious. They rarely try new approaches, and it takes them time to build trust. If a staff member places a quirky quote at the end of his or her email signature, that is an immediate disconnect. To build a powerful brand, you have to make sure your employees are making what I call the "Corporate Brand/Personal Brand Connection.™"

Twenty-first century consumers are more on the ball, on the move, and in command than ever. At their core, however, they still need to make an emotional link with your brand. Remember, becoming the brand of choice for your target customers isn't about offering a better financial deal. It's about touching customers' hearts and creating an experience they can't forget.

Brenda Bence is the award-winning author of Smarter Branding Without Breaking the Bank, *the definitive guide to building a brand that is high on results but low on cost. After years as a mega-brander working for consumer giants, Brenda started her own company, Brand Development Associates International, which has offices in the U.S. and Asia and serves clients in 30 countries. Brenda travels the world helping individuals and companies achieve greater success through creative, practical brand development. Visit BrendaBence.com.*

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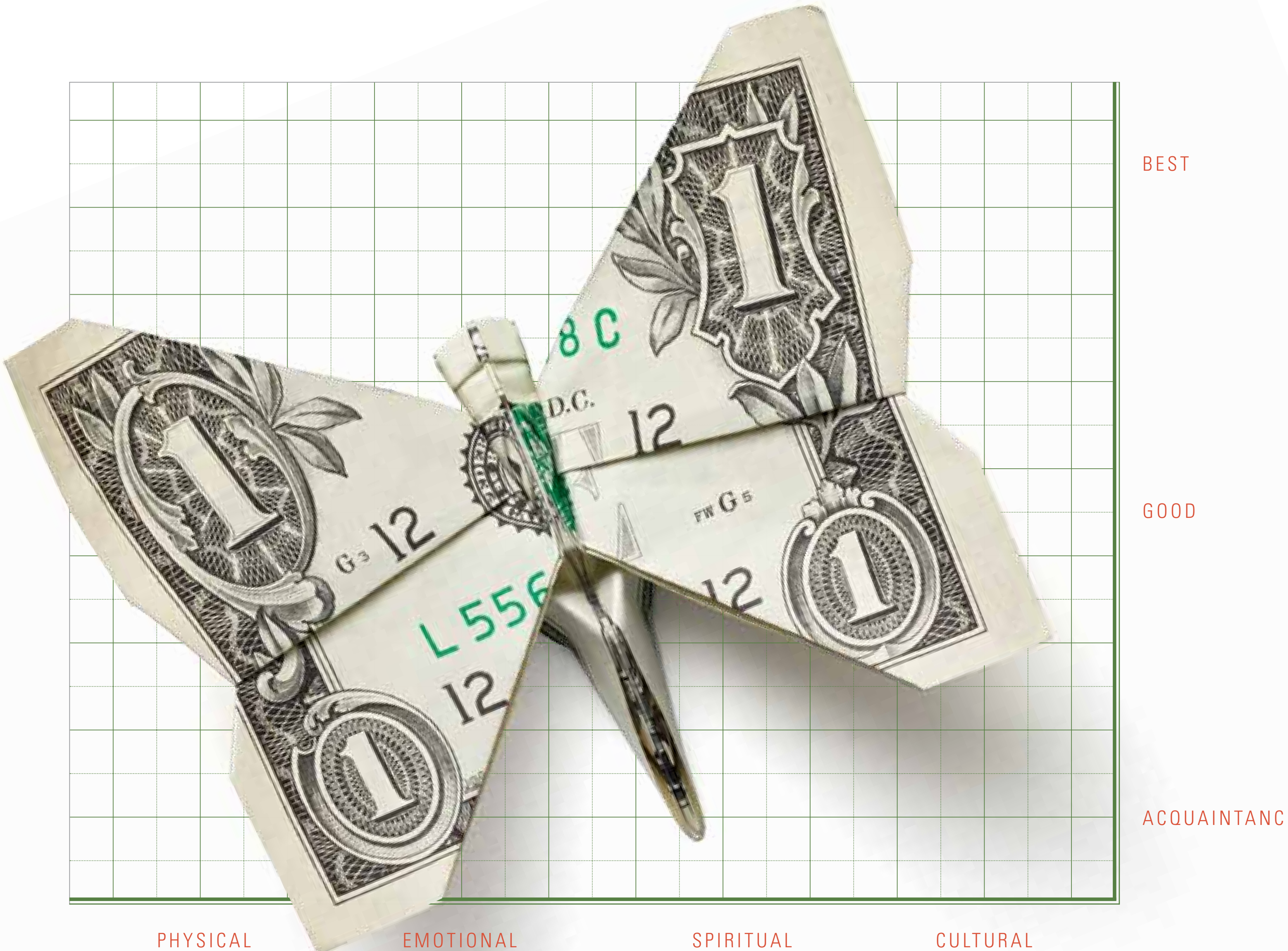


How's Your Social Wealth?

by Will Marré

People who have trusted friends are the happiest. It's true.

Research on what makes human beings happy is at a high watermark. Economists, professors, neuroscientists and psychologists around the world are doing increasingly sophisticated research as to what makes us happy. It turns out that the biggest, single predictor of both happiness and fast recovery from sadness is the quality of our close friendships.

This research makes clear that just as over-investing in our best customers leads to prosperity, over-investing in healthy friendships has a huge payoff in our daily moods, as well as in helping us feel that our life is rich.

Economists refer to the depth and quality of our trusted friends as *social capital,* and cultures that are high in social capital rank high in happiness. Perhaps you won't be too surprised to learn the U.S. is experiencing a rapid decline in social capital. More simply, more of us have fewer trusted friends than we did ten years ago.

Harvard researchers recently surveyed Americans, asking them, "How many friends do you have with whom you would share your deepest secrets?" Twenty-five percent of us answered zero! This figure represents the single largest decline in social capital since its measurement began.

Our culture is running dangerously low on happiness, but there's a quick and easy fix: invest more of yourself into the lives of those who mean the most.

Too important to neglect

Not having trusted friends is a big deal. Social isolation is associated with much higher rates of chronic health problems, depression, addiction and most every other bad condition that sucks the joy of life from us. Although we don't know for sure why we are suffering a big decline in friendships, the most common reason given is that we are too busy to stay deeply connected.

We are so busy with work, raising children, paying the bills and keeping our lives together that we find it difficult to invest much of ourselves in the intimate lives of others. We may be investing too much time on the quantity of our acquaintances on Facebook, and too little on one or two "best friends" who love us enough to jump in front of a bus on our behalf to save our lives. But having hundreds of superficial "friends" online cannot produce the inner feelings of happiness that a single deep, loyal and trusted friendship can.

We can change this. Psychologists tell us there are three things we can do to invest in friendships that make them deeper and more satisfying.

1. *Select friends carefully.* People tend to be either faucets or drains. Givers or takers. Takers look for givers and often use a combination of flattery and guilt to keep givers giving.

   If you are a giver and find yourself exhausted rather than energized by a current friend, it may be because your friend is a taker. His or her neediness does not constitute a real friendship. Rather, healthy friendship is based on a mutual support that creates rather than drains positive emotional energy. Be a faucet and invest your time in the friends who are faucets in your life, too. You will get a torrent of love.

2. *Be fully present.* Emotional intimacy arises from centering your full attention on the other. Have you ever been frustrated by trying to have a conversation with someone while they were texting someone else? It's sad but true: most of us are so over-busy that we hardly devote our full attention to what's in front of us. As we stand before and attempt to connect with those we love, we are too often preoccupied with "mental texting" and inner multitasking to really be listening. As a result, we create this dull distance in our most vital relationships that separates rather than unites.

   To deepen a friendship, try to invest at least 30 minutes a day fully engaging with a loved one, with no agenda other than listening to and supporting them. Ask questions. Laugh and commiserate. Do not advise or judge. Simply be present in the moment.

   Full presence amplifies love — and believe it or not, this simple gesture is the highest-grade investment you can make in your happiness.

3. *Have fun together.* Human beings love being stimulated by new positive experiences, and enjoying them with those we love enriches our friendships. A shared experience gives us something new to talk about and creates a bond that goes beyond verbal expression. When we see and do the same things together, we are most likely feeling the same feelings. That builds closeness.

We should never find ourselves too busy to invest in the deeper joys of our lives. Investing in our "best" friendships is the best blue-chip investment we can make in our

happiness.

Will Marré is CEO and founder of the ThoughtRocket Innovation Studio, a new online leadership development platform providing up-to-the-minute leadership research and training called Apple to Zappos *detailing what successful organizations are doing to thrive in the 21st century. Will Marré is also the cofounder of the Covey Leadership Center where he brought* The 7 Habits of Highly Effective People *to millions of executives and managers worldwide. He also heads the advisory board of the Human Performance Institute (a Johnson & Johnson company) and is an Emmy award-winning writer of a public television learning documentary. For more information, please visit willmarre.com*

Even More on the Mark

Further targeting your most profitable customers and members.

by Martie Woods

Most financial institutions continue to depend on two standby methods of targeting customers: *demographics* and *account value*. In 2011, our research led us to conclude that although these traditional approaches are commonly relied upon, they only take you so far. Certain demographics, such as geographic location, for example, are important to take into account, but others can be misleading — and in many cases, leave you over-serving some and under-serving others.

A better approach to targeting involves clearly understanding the attitudes that consumers hold regarding what role a bank or credit union should play in their lives. After 128 hours spent in person with 96 consumers and twice the hours spent online, we concluded that two consumer mindsets dominate the U.S. banking market. They are:

1. *Barrier Elimination:* "Give me my money when and where I want it, and don't charge me for it."
2. *Jobs to be Done:* "I have goals with my money, and will pay for services that help me achieve them."

Those in the Barrier Elimination camp want minimal bank involvement in their lives. They expect the institution to hold their money in a way that provides open, non-punitive access. They see this as a simple relationship in which the institution is profiting greatly from their deposits. Fees? Totally unacceptable.

In contrast, people with a Jobs-to-be-Done mindset desire a deeper relationship with their bank, which could include offers, discounts and smart spending ideas. They seek financial know-how — a partner capable of accelerating their achievement of a goal. They are also willing to purchase this service.

Life in the fast lane

To better understand these consumer mindsets, consider the HOV lane — that special-access freeway lane that allows people to pay a fee to drive in them and avoid congestion.

Time-challenged folks like me might consider the HOV lane to be money well spent, because it allows us to depart from Point A later and still arrive at Point B on time. Put in banking consumer mindset terms: "I have a job to be done (on-time arrival with a late start) and face natural constraints (rush hour, nothing to wear!), so I am willing to hire the HOV lane service to achieve my goal."

But there is that other group of people — of which my father and husband are charter members — who would never spend money for the privilege of driving faster or leaving later. They believe they have already paid for an open, fast-moving expressway with their tax dollars, and it is out of the question to pay more for traffic barriers to be eliminated.

Take the extra step

The difference between people who are and are not willing to pay for the HOV lane is not a matter of demographics. Rather, it is a matter of where people's heads are at — of who would shell out money to drive faster, under what conditions and for what purpose. When promoting the HOV lane service, the savvy city administrator creates marketing messages influenced first by the job to be done.

Who are you targeting as a bank or credit union? Do your efforts rely on demographics and account value alone, not taking into account what people are trying to accomplish?

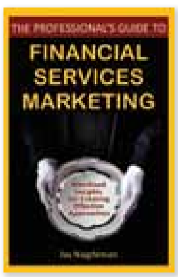
Some of your customers are looking to you for help — and they are willing to pay for it. This is your targeting bulls-eye. By taking the extra step of understanding what jobs your customers want to get done, you'll be left with a neat, tidy subset composed of your most potentially profitable customers.

Martie Woods is Vice President and Chief Experience Officer at Deluxe. With expertise in consumer psychology and buying behavior, Martie's charge is to improve customer engagement and loyalty throughout the financial services industry. In her 12 years at Deluxe, Martie has been a leader in driving the company to focus on customer-centered decision-making and innovation.

BOOKS, BLOGS, EVENTS, ETC.

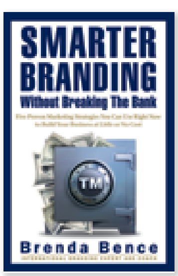
10 Best Practices to Drive On-Site Engagement — White Paper
by Jamie Beckland

Today's web users increasingly expect an element of social interactivity, a behavior change that creates new acquisition and engagement opportunities for marketers. This white paper explores best practices to build on-site engagement by integrating powerful social tools. Topics explored include social login and sharing, leveraging the social graph of users, loyalty and rewards, and mobile and tablet considerations. Download this white paper at JanRan.Com/BestPractices.



The Professional Guide to Financial Services Marketing:
Bite-Sized Insights for Creating Effective Approaches
by Jay Nagdeman

This book provides in-depth guidance for helping financial service professionals create the marketplace differentiation and competitive advantage required to acquire and retain satisfied customers, while also increasing productivity and profitability. It offers fresh perspectives on basic marketing approaches, along with a useful exploration of marketing concepts that are often overlooked by banks and credit unions. Whatever the size and scope of your institution, you'll discover valuable insights for cost-effectively achieving better marketing results.



Smarter Branding without Breaking the Bank:
Five Proven Marketing Strategies You Can Use Right Now to Build Your Business at Little or No Cost
by Brenda Bence

Based on her critically acclaimed low-cost branding workshops conducted around the world, branding expert Brenda Bence offers the definitive guide to branding on a tight budget. *Smarter Branding* shows you how to leverage five branding assets that your business already possesses, offering tips, tools, and techniques for marketing your brand and increasing your revenues at little or no cost. To illustrate her points, Bence provides dozens of real-world case studies from a variety of industries.

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For more information on The Institute, visit DeluxeKnowledgeExchange.com/TheInstitute. Or, contact Martie Woods at martie.woods@deluxe.com or 651-787-1492.

Not sure The Institute is for you?
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Upcoming Conference Appearances
April 2, 2012 | Scottsdale, AZ
Western Independent Bankers Annual Conference

"Four Steps to Thriving in the New Banking Environment"
Presenter: Martie Woods, VP & Chief Experience Officer, Deluxe Corporation

More information: wib.org/Conferences__Education/Annual_Conference

April 25, 2012 | Atlanta, GA
Barlow Research 2012 Annual Client Conference

"Re-engineering the Branch Experience"
Presenter: Martie Woods, VP & Chief Experience Officer, Deluxe Corporation
More information: ClientConference.BarlowResearch.com

April is Earth Month: How Do You Observe It?
What originally began as Earth Day back in 1970 has now expanded to a full month of social and environmental consciousness. Do you or your financial institution do something special to observe Earth Day? Visit us on Facebook and let us know what it is! And while you're there, be sure to "like" our page so that you don't miss out on anything!

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