

THE REGISTRATION OFFER

by [Steve Brown](#)

Have you ever been part of a hotel loyalty program that makes you sign up separately online for a particular program such as "stay 3 nights in December and earn a free night in 2011"? While you likely signed up because you needed a vacation, it probably made you wonder why you needed to give your loyalty number and e-mail address again when they already have it? The marketing concept is called a "registration offer" and it is designed to make the customer notice and commit to a separate program. The concept is that if someone takes the time to sign up specifically, they will spend more time understanding the program and utilizing the offered product or service. Basically, it is a loyalty program within a loyalty program.

The registration offer technique works particularly well for banks to drive short-run behavior. Maybe your bank wants to build savings balances, increase debit card usage or generate loan balances. Having customers sign up lets you know who is interested in getting more direct marketing (like e-mail notices and alerts) and creates a mind set that they are dedicating themselves to utilizing a specific product.

The key to success about a registration offer is that it should be used to provide a short-term incentive to change long run behavior. For example, a marketing campaign that rewards all customers that utilize their debit cards 100x between now and the end of Dec. would have been perfect to run. Your pitch is that if you are going to use the debit card anyway to support your family and friends over the holiday season, then your bank wants to reward you with a present for yourself (say a \$25 gift certificate). Customers sign up and self-define themselves as willing to increase the usage of their debit card. Once a customer signs up, it is now not only acceptable to market to them to reinforce the goal, but it is also operationally easy to look at this selected group of accounts in Jan. and see who qualifies.

Another tactic is perfect for banks thinking about closing down a branch. If two similar branches that are geographically near each other are being analyzed for being closed, a registration offer can be put in place to incentivize each customer to utilize the other branch for a period of 3 months. By looking at which customers opt-in, management will have a representative sample of predicted profitability and the probability of moving. This tactic not only produces data to better understand the retention impact of a branch closing, but it also helps train customers to shift their usage to another location. Best of all, it gives management an idea of which customers aren't going to move, so a more targeted incentive can be offered to this subset.

The registration offer works well with hotels, airlines, retail and banks. Separate registration - like a coupon, serves to segment your customers through self selection. Large banks such as Sovereign, make customers re-register with their Cash Rewards program. Bank of America has had a successful run with their Add it Up program. The next time you are thinking about promoting a product, consider using the registration offer technique and see if it is an effective tool for your customer base. You might just find out that the effectiveness may have you celebrating with a vacation.

BUY NOW AND STILL RECEIVE IN 2010

Counting today, there are only 16 business days left until 2010 comes to an end. That means time is quickly running out for banks to identify, approve and purchase C&I loans before the end of the year. To increase diversification away from CRE, earn current coupon and kick start earnings in 2011, give us a call or email back to see what C&I loans we have available right now that can still be purchased prior to year-end. For those who have asked, PCBB is also in the process of purchasing a group of C&I loans for the portfolio.

BANK NEWS

M&A

In a deal that creates the largest Korean American bank in the US, Center Financial Corp (\$2.3B, CA) will merge into Nara Bancorp Inc. (\$3.0B, CA). The combined company, which will be renamed, will have 40 branches in CA, NY, NJ, WA and IL. The transaction is valued at about \$270mm and results in current Nara shareholders owning about 55% of the new co.

Small TDR Big Problems

Troubled debt restructurings increased 64% in the 3Q (YOY) at banks with \$20B and less in assets. Over 33% of TDRs fall delinquent again and according to Foresight Analytics by the end of Sept, 41% of the \$29B in restructured loans at community banks were in default.

Debit Card Fees

A survey by CardHub.com projects banks will lose \$9B of the \$22.3B (about 40%) collected each year in interchange fees, due to the Dodd Frank Act.

Mobile Banking

Research by ABI finds 53% of smartphone users intend to use their phone for mobile banking.

Small Business At Home

The SBA reports 52% of small businesses are now home-based.

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