

ATMs Morph Into Effective Marketers, Driving New Business To One Bank

By Frederick H. Lowe

AS CASH WITHDRAWALS FROM ATMs continue to decline, some banks have expanded the role of the machines to drive more business to the bank.

The banks are featuring ATMs in their integrated marketing campaigns, which involve using the machines to alert qualified bank customers that they are eligible for automobile loans, home-equity lines of credit and high-interest rates on certificates of deposit.

The use of ATMs in this manner makes a lot of sense, Edward R. Woods, a senior analyst with Celent LLC, a Boston-based consulting firm, tells *ATM&Debit News*.

"ATMs are a cost of doing business—a high cost of doing business," Woods says. "I'd be leaving money on the table if I didn't at least explore new ways to drive more value from the channel whether that comes in the form of cost reduction, retention, or sales and marketing."

First Tennessee Bank, which is based in Memphis, Tenn., is an example of a bank that uses its ATM network to market products to customers during the 35 seconds users of its ATMs wait for the machines to dispense cash or provide account-balance information.

During those moments, First Tennessee uses the bank's ATM network to pitch automobile loans, home-equity loans, certificates of deposit and other financial products to qualified bank customers, Mike Marzec, First Tennessee

senior vice president of strategic planning and manager of electronic banking, tells *ATM&Debit News*.

"Our ATM network processes more than 2 million transactions every month, so that's 2 million opportunities to make a sale," Marzec says. First Tennessee either owns or operates 504 machines in Tennessee and Georgia.

The bank's ATM network provides a cost-effective way to reach bank customers whom the financial institution has pre-qualified for a low-interest car loan or a high-interest certificate of deposit, Marzec says. "It's cheaper than mailing a letter to a customer. The bank pays 25 cents each time we market a product to a customer over the ATM," he says. "A stamp alone is 42 cents."

To reach qualified customers or noncustomers who frequently use First Tennessee's ATMs, the bank turned to Diebold Inc., its ATM supplier. First Tennessee is using Diebold's Campaign Office marketing software on many of its ATMs.

Campaign Office all brands of bank ATMs to market directly to cardholders, says Lyndsey Rojas, Diebold marketing manager for software. The patented software operates on Diebold's Agilis software platform, which enables ATMs to identify individual users by their card numbers. Agilis operates through Web-browser screens within Windows-based ATM networks, Diebold says.

With Campaign Office, banks can differentiate themselves



from the competition, says Charles E. Ducey Jr., Diebold senior vice president of global and development services.

“Delivering the right message at the right time can invite customers into the branch to acquire additional products and services, helping to increase positive teller-customer interaction,” Ducey says.

ATMs should be included in any bank’s integrated marketing campaigns, Woods contends. “As technology comes to market and banks become more savvy at executing in marketing, sales and service, it becomes realistic to not only use the ATM as a marketing channel but also to use it to deliver content as part of a multi-channel campaign,” he says. “How much more effective am I going to be if I place it in front of the customer in all channels he uses—Internet banking, ATM, branch and call center?”

At First Tennessee, the bank stores a database of customers’ transaction histories, including deposits and loan payments.

It also notes the credit cards they have and analyzes the customers’ payment behaviors, Marzec says.

When a customer is using a First Tennessee machine, if the bank has prequalified the cardholder for a special offer, such as an automobile loan, the offer will appear on the screen. If the cardholder expresses interest in pursuing the offer, the ATM prints a reference number on the receipt.

“He takes the receipt to any branch, where he meets with a bank officer to discuss the offer,” Marzec says.

If the customer turns down the offer, a bank officer lets some time pass before calling the customer and reminding him the offer is still available. Campaign Office is not programmed to repeat the same offer several times to the same

cardholder who previously rejected it.

If the ATM user is not a First Tennessee customer but is a regular user of the bank’s machines, First Tennessee offers the cardholder a product, such as a high-interest-rate certificate of deposit that could help develop a deeper relationship, Marzec says.

Campaign Office is an effective marketing device because it knows the bank’s customer base, and it delivers an effective message, Celent’s Woods says.

“Targeted content is much more meaningful and impactful than generic advertising at the ATM,” he says. “Don’t place [home equity line of credit] messaging in front of me if I already have one.”

Targeted messages also often hit “hot buttons” with cardholders, Woods adds. Although the ATM user may not immediately respond to the offer, he may walk away from the machine thinking



about it, he says.

Marzec agrees with Woods that the bank’s targeted advertising campaigns are more effective than those that involve mass-mailings.

“If one-half percent to 1% of recipients respond to a mass-mailing, it is considered successful,” Marzec says. “Two percent to 5% of our customers respond to Campaign Office.”

First Tennessee is running eight campaigns on Campaign Office.

Some feature home-equity loans, certificates of deposit and automobile loans.

So far, the bank has limited the software’s use to 180 ATMs until it can resolve wireless issues with some of its network.

Campaign Office also increases the time cardholders spend in front an ATM to 35 seconds from the normal 30 seconds because of the additional time it takes to read and respond to offers, Marzec adds. **ATM**