

Checks and Balances and Opportunities

Deluxe has always been committed to account holder choice and satisfaction. The check design portfolio must provide account holders the designs they want while fitting seamlessly into your account opening process.

Through two consumer research studies conducted in 2009, we discovered that just 15 check designs satisfy 84% of consumer preferences for a design that “fits me”. In total, we tested more than 100 designs seeking the optimal combination of preferred designs and the right amount of choice. While the finding of 15 designs was surprising, it offers the opportunity to design a streamlined point of sale tool that can both satisfy account holders and fit into your process. Beyond the top 15 designs, the research helped us identify the right design selection for a full line to meet the diverse preferences of all your account holders.

While the studies helped us refine our check design offerings, they also provided valuable insight into potential new products. Three concepts were tested — Check Designs, Create Your Own Checkbook Cover, and Revolving Trends.

CHECK DESIGNS: THE RIGHT DESIGNS FOR YOUR ACCOUNT HOLDERS.

The response to design options and the identification of the optimal mix of designs was achieved through use of Shapley-Value line optimization applied to more than 100 check designs (see sidebar). As a result of this approach, we now understand which designs appeal most to both the important Baby Boomer and Millennial audiences. Older consumers show a slight preference for more classic designs, while younger consumers show a similarly slight preference for more colorful designs. Many of the top fifteen designs were consistent across both tests, suggesting that the most popular designs endure. Overall, consumers like variations on subtle design features and soft colors.

The key purchase driver was design: participants wanted a check that was “for someone like me.”

This finding underlined that the widest possible selection is less important than finding the best designs. By offering a selection of fifteen checks on a convenient flash card and making the full suite of designs available online, the new offering combines choice for the account holder and convenience for the financial institution.

The research further validated the importance of making check design options available to account holders. Even consumers who receive checks for free would be willing to pay for designs they like. Previously, they had not been aware of their options. A flash card that could be integrated into account opening plus a greater online presence could boost awareness — and thus purchase — with this group. Since only one-half of participants who re-order see design options, this presents an important opportunity.

CREATE YOUR OWN: A PROMISING APPROACH

The study's findings for the Create Your Own Checkbook Cover concept disclosed an important new possibility. Nearly one quarter of consumers are highly interested in the idea. Those interested included younger consumers, non-caucasians, and females. The findings from the study led us to develop a "Design Your Own Cover" product, in which account holders can upload photos to create their own personalized checkbook cover. These Photo Products will be available May 3rd, 2010.

REVOLVING TRENDS: AN EXCITING NICHE

The Revolving Trends option, which features rotating fresh check designs inspired by popular culture, also shows promise as a niche product. Packaged in quantities of thirty, it appeals to a younger, online-oriented audience. Two designs launched in February 2010, with two additional designs launching May 3rd, 2010. Initial sales of these designs indicate strong appeal.

PRICING AND QUANTITIES: CHANGING USAGE

In general, respondents indicated that a price of \$19.95 is the most they would pay for a package of 120 checks before price became a potential barrier. Respondents also showed a preference for quantities of 100 checks, perhaps indicating a reflection of changing paper check usage.

ADDITIONAL CONCLUSIONS: AFFIRMING THE FUNDAMENTALS

Consumers continue to value security and accuracy, and assume Deluxe's ability to deliver on these key attributes. Additionally, consumers continue to view checks positively as a convenient form of payment.

SUMMARY

Deluxe will continue to work with our financial institution partners to provide the checks account holders want. Our research helps us balance breadth of choice, ease of presentation, and quality of design. As a result, account holders have the opportunity to see and order checks. Rather than overwhelming them with choices, we will delight them with selection. We will prompt more and more of your new account holders to say, "This is for me."

ABOUT THE RESEARCH

The audience for the survey consisted of 2,248 randomly selected, nationally representative online panelists. The research sought to determine the most preferred check designs using Shapley-Value line optimization, to investigate whether design preferences vary by demographic group, and to evaluate the interest in three potential new product offerings: Check Designs, Design Your Own Checkbook Cover, and Revolving Trendy Check Designs.

ABOUT SHAPLEY-VALUE ANALYSIS

Shapley-Value analysis was developed to optimize the mix of products in an offering. Each addition to the line is evaluated on its ability to appeal to additional consumers and thus extend the reach of the overall mix of products. To use a very simple example, chocolate, chocolate-chip, and chocolate-chocolate chip may be the three most popular cookies, but a selection of cookies which includes chocolate, chocolate-chip, and oatmeal may appeal to a broader range of consumers, providing deeper reach and resulting in stronger customer satisfaction.

