



Getting Started with Data-Driven Marketing Strategies (part 1)

Community banks and credit unions, new to using customer data to support the development and implementation of marketing strategies are many times unsure where to start.

In general marketing has two primary objectives;

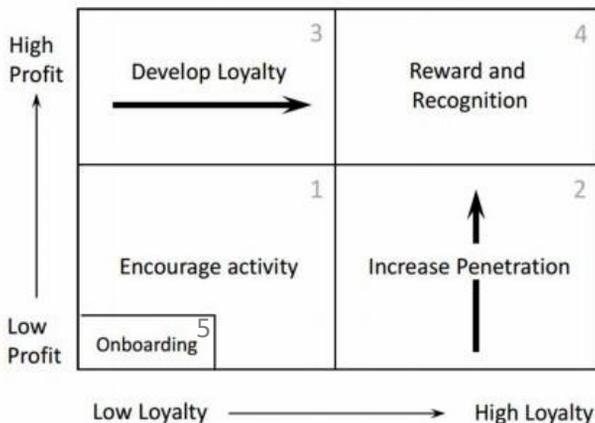
1. To maximize the profitability of existing customers.
2. Growth through new customer acquisition.

Maximizing the profitability of existing customers

Your customer base is made up of many different types of customers; data-driven marketing looks to identify specific segments of customers and to match them with an appropriate product/service offer, messaging and call to action.

The chart below breaks your customer base into 5 general categories; each has a distinct strategy for maximizing their profitability.

CRM Strategy Overlay



For example, group #4 represents your most profitable customers. They have been with your institution for a longer period of time and they have significant account/service relationships.

How do we make these most profitable customers even more profitable? *Keep them from going to the competition.* So as indicated in the chart the communication strategy for this group is “reward and recognition.”

Since this group represents a large source of revenue it is prudent to validate any new campaigns with your customer facing associates or with these customers directly.

On the opposite end of the scale is customer group #1. This group has been with you a shorter period of time and they most likely have just 1 account. This group represents your biggest marketing opportunity and threat at the same time.

They represent a growth opportunity when you can match their lifestyle characteristics to those of your more profitable customers and begin a communications strategy that “encourages activity” (cross-selling).

At the same time this group represents a threat in that they have only one account. A marketing, sales or service misstep and it is easy for them to close their account and move on to one of your competitors.

Each of the 5 groups represents a mix of various customer segments as defined by their lifestyle characteristics. However, what they have in common is their banking behaviors with your institution. Effective cross-selling uses these unique customer segments to shape the way you communicate to each when implementing your strategy.