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Data-Driven Brand Marketing

Transforming customer data into a tool for business growth in Financial Services

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The Quant. Marketing Company Ltd, Royal Tunbridge Wells

Quant. Marketing advises major national and international organisations on how best to use customer intelligence for better business results

- 6 staff and 8 associates – expertise in marketing, data, analysis and reporting.

- We are highly experienced, mature, ex-line senior marketing executives with Nestlé, NatWest and Prudential. We understand the practical business challenges faced by clients every day – we have been there!

- As consultants we have worked with major blue chip organisations such as Tesco, NatWest, Barclays, Nestlé and The British Army .

What do we do?

At Quant Marketing we focus on creating **growth** for our clients. We do this with unique management tools and processes that use **customer data** to drive more effective decision making.

"Quant are the most relevant and effective customer marketing specialists that we have come across"

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How do banks get growth?

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Business generation model

Classical model:

Target group x Penetration x Frequency x Quantity =

Sales

Objective is to increase the use of the bank by more people

for more services

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Critical success factors
for financial services

Some observations

- Banks have weak brands because they focus on short term profit which means supplier push rather than consumer pull

- Banks have consistently missed coordinating experience and communication. Brands are built at least 75 % on experience (in service businesses often 90%), not media communication

- Banks don't provide what people want, they do things to people – direct marketing is a sales channel, for example

- Banks have a lot of data – this means that staff don't value it like many things that are plentiful

- Banks focus on efficiency of outputs rather than outcomes (these tend to be longer term)

- Banks have invested heavily in CRM as a way to cut costs, not to improve the customer experience (e.g I still fill in forms at NatWest)

Critical success factors

- Transformation of the organisation around the customer is the key. This does not mean re-engineering the organisation – this will fail

- Data and information is at the heart – not *just* for better targeting and selling products but better decision making

- Data mining has failed – in the Klondike, most miners came back poor. Data is not about exploration it is about process and supporting decision making

- Understanding and mapping how people in the business make decisions that affect customer is the key task

- Once you have mapped the decision process, you will be able to identify which information components are needed to make it more efficient – the basis of a growth driven data strategy
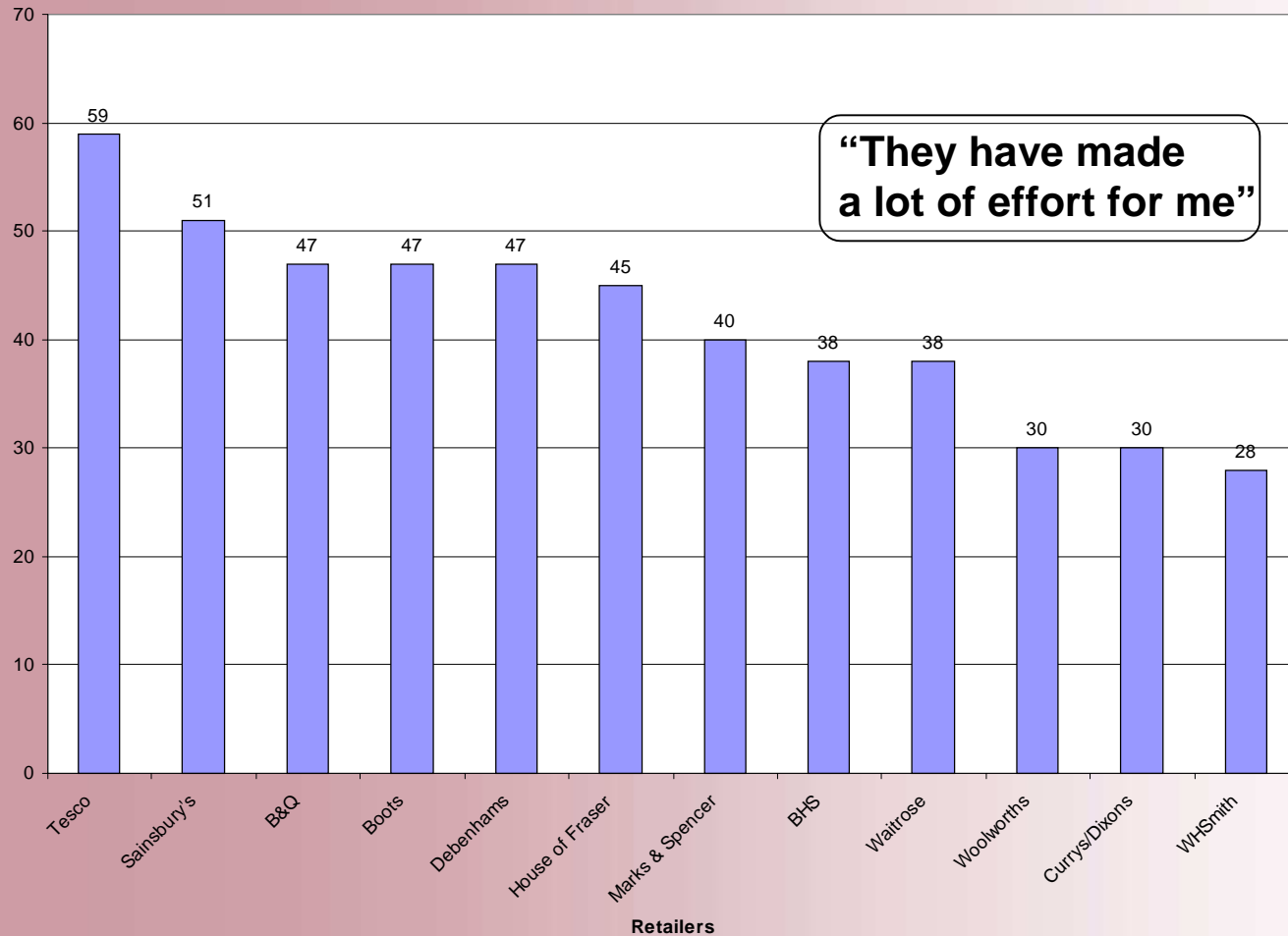
The experience in retailing

Tesco have made a breakthrough in using customer data to drive the business. Some of the lessons are very relevant to Banking and Financial Services.

Tesco has used its retailing experience in Tesco Personal Finance with great effect

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Is it differentiating? – it is in retail!

Ultimate objective: a 'for me' store

- The customer feels that the retailer has made an effort to do something (range, price, etc) that represents what he/she wants

- The store will have the products the customers want and like – They will buy more (basket size up)

- The shopping experience will be more positive – They will return more often (frequency up)

- The communication will appeal to different categories. They will have a more positive view

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How to become a "for me" bank

What's a "for me" bank?

- The customer feels that the bank has made an effort to provide what 'I want' to make it easy for me to manage my money

- The bank knows how I access services and this is made easy and useful (increase frequency)

- Dealing with the bank is a positive experience and I will want to use more of its services (frequency up)

- I can be confident that the banks products offer value for money and are competitive for me (share of wallet up)

- The bank has services that take care of my needs and are right for me (share of wallet up)

- Communications are adapted to reflect how I want to deal with the bank

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```
        Promotional tool
              │
              ▼
          Targeted
       Communication/
           offers
          │        │
          ▼        ▼
    New          Product
    Product      Top ups
    Sales
          │        │
          ▼        ▼
        Short term
          sales
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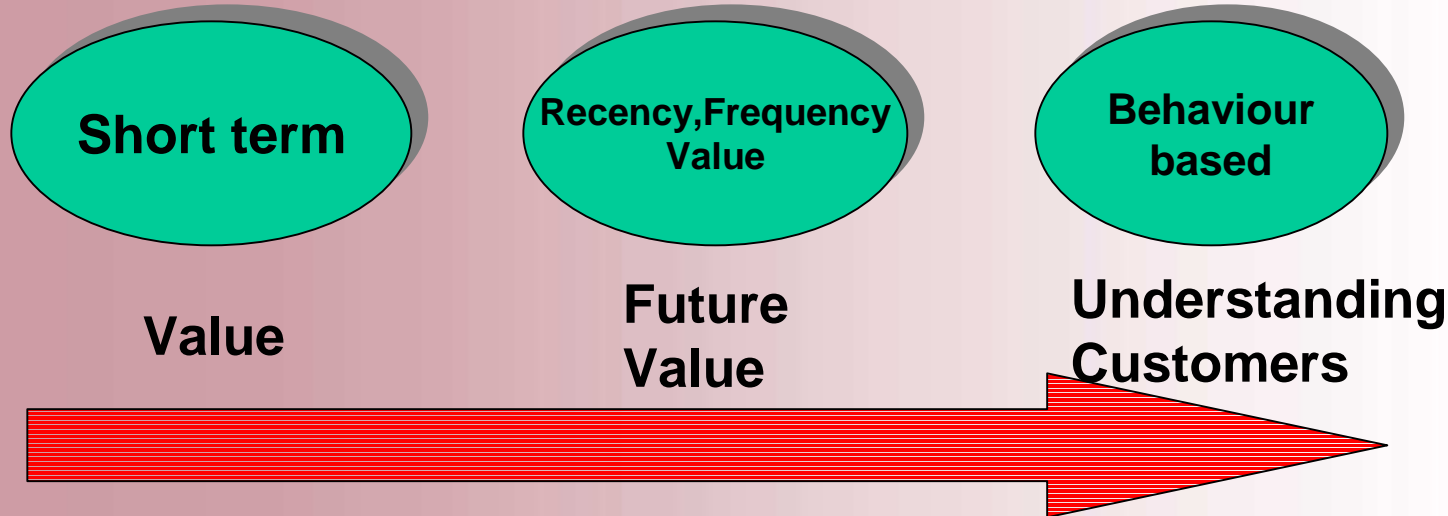
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Using customer data – the bank model

Promotional tool

Information source

Targeted Communication/ offers

Segmented Marketing strategy

New Product Sales

Product Top ups

Range, access points, service approach, rates, marketing promotion

More relevant messages

Short term sales

"For me" bank

Better footprint

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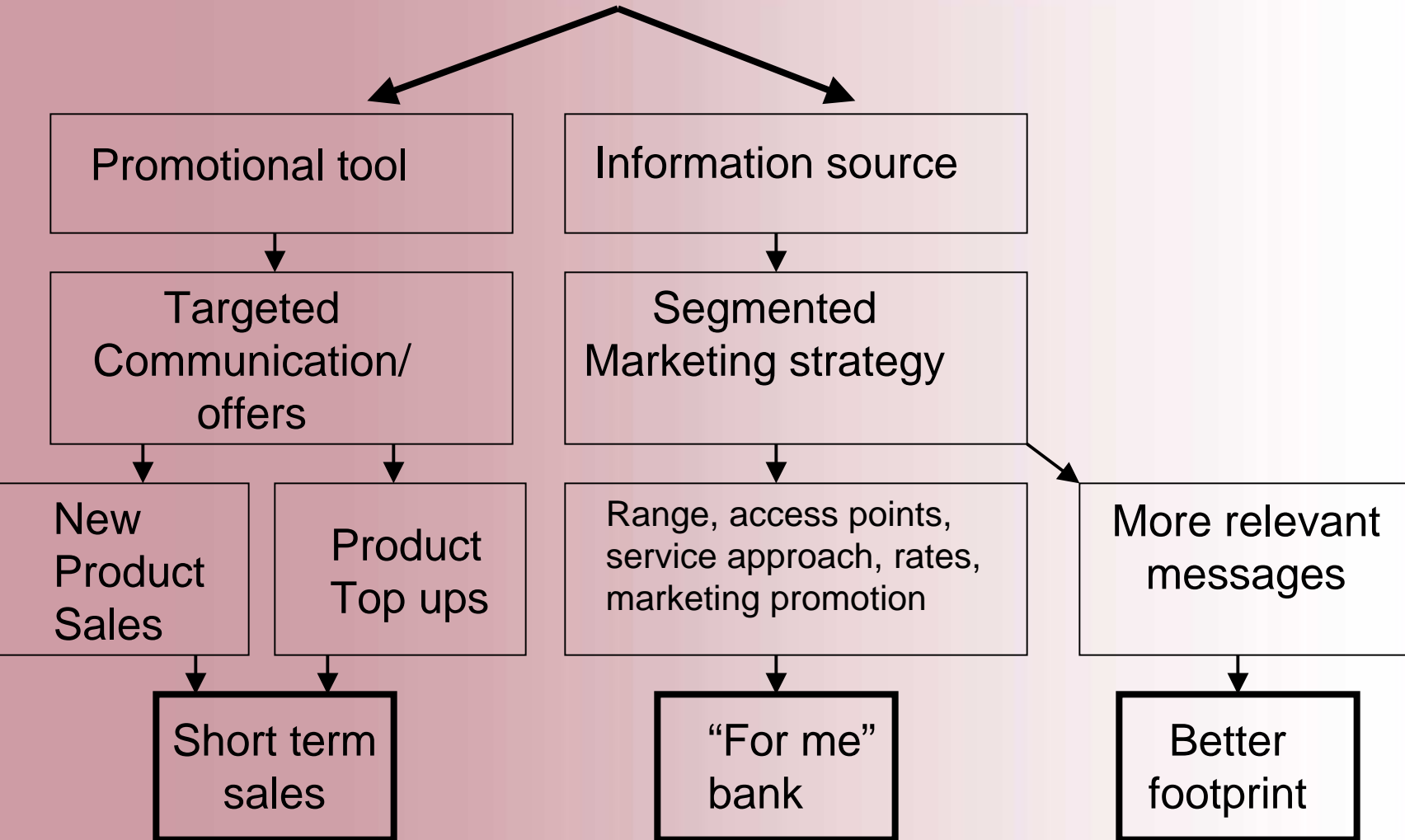
Segmentation is an inclusive process

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Customer segmentation continuum

Short term

Recency,Frequency Value

Behaviour based

Value

Future Value

Understanding Customers

Businesses adopt more sophisticated segmentation models as they become more customer focused

The process

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The process flow

The reporting tool

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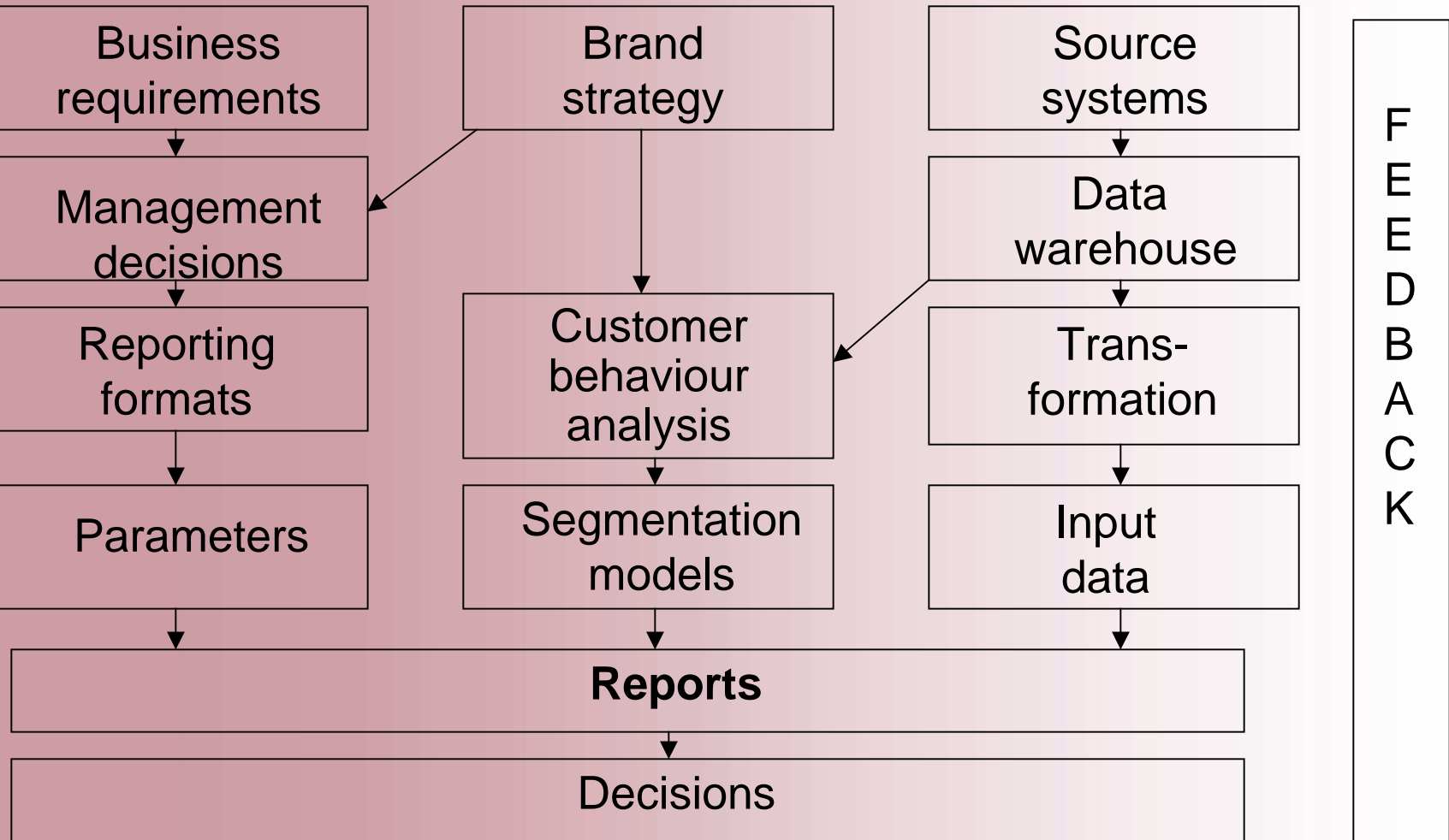
Where do I need customer data to make decisions?

- Criteria
  - Who – function in the company
  - For what – what tasks do I need to do
  - When – how often is it needed
- A suite of reports is required
- What are the parameters needed for constructing the reports
- Management issues:
  - Where do I need data for people to make better decisions
  - What are the requirements in each of these
  - Periodicity – how often

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Making customer data useful to the business - the way we do it

- Business and marketing view, not an IT and data processing one

- Simplify, focus and be as pragmatic as possible

- 90 % accuracy now is better than 100 % next quarter

- No 'black box' solutions

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- Few reports, easy to read. People are very busy

- Reporting is a management tool:

  - Set format for a consistent approach (brand)

  - No choices: Either frustrates or distracts

  - No access to detailed analysis: Cost money and distracts from the job

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Using the report to drive decisions – General management

- General management health check:

    - Identify where there are problems

    - Dimension of a balanced business scorecard

    - Ensures all customers are being managed effectively

    - Transactions reflect activity level = customer commitment

    - Example designed to exaggerate as illustration only

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Using the report to drive decisions
- Product managers/specialists

- Which segments am I more successful in and which less?

- Why is that? (need to analyse data for buying patterns/conduct research?

- Do I have the right sales and promotional strategies?

- Does the product appeal to all segments?

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Using the report to drive decisions
- Communication managers/direct marketing

- Where do I need to focus my effort/budget?

- How do I use this customer preference matrix?

- Helps me focus sales efforts on the more responsive segments?

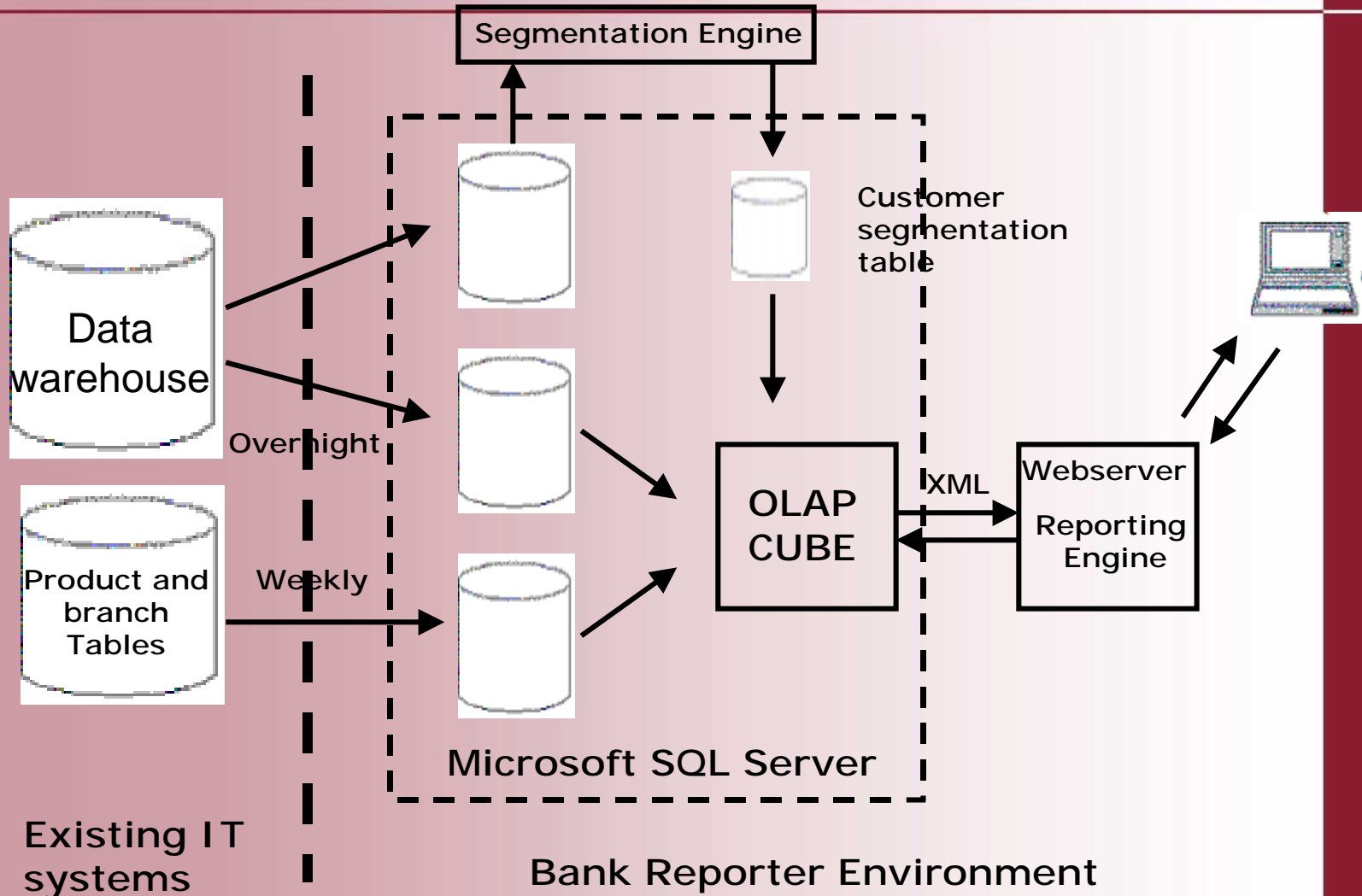- Helps me manage internal communications priorities

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How to deliver customer information reporting

Technical Architecture

Segmentation Engine

Data warehouse

Product and branch Tables

Overnight

Weekly

Customer segmentation table

OLAP CUBE

XML

Webserver
Reporting Engine

Microsoft SQL Server

Existing IT systems

Bank Reporter Environment

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Key System Components

Solution is based on Microsoft SQL Server and Analysis Services

- this creates a cost effective and highly scaleable business intelligence platform

Utilises OLAP (online analytical processing) technology

- OLAP cubes are a widely accepted approach for dynamic access to complex data

- delivers faster performance and simpler query construction than relational databases

- information conceptually viewed as categories (dimensions) and quantitative values (measures)

Dimensions: segment, access, products, rates,promotions

Measures: turnover

Web based reporting front end (browser access)

- reporting engine runs as a web server communicates via XML with OLAP cube

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Key Benefits Of The Architecture

- Integration with banks existing systems minimised, allows rapid implementation

- Based on proven technology from Microsoft

  - cost-effective

  - scaleable to very large solutions (10m+ transactions/day)

- Reporting and analysis capability can be quickly and easily enhanced

- Solution can be delivered as a service (hosted by Quant) or can be installed locally

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