Bank Marketing
January/February 2002
The Premier Source of Innovative Marketing for the Financial Services Industry
AN ABA PUBLICATION

Marketing Solutions

columnist

Robert Hall is president of EnAct at Carreker Corporation. Carreker, based in Dallas, has offices in Atlanta, London, Sydney and Toronto.

Some New Year's Resolutions

This year, it looks like the personal belt-tightening that most of us adopt right after the holiday season will extend to the workplace. Corporate spending is bound to be reined in as the economy rides out the cluster effect of the downturn in the business cycle, terrorism and past overspending on information and technology.

That makes this new year a critical juncture for most companies. Where they decide to cut back will either tee them up well for the recovery or will exacerbate unhealthy tendencies.

We believe many companies are primed to change where they invest and where they cut back. Just as individuals annually swear off desserts or drinks or other indulgences that bring no value, so also are companies taking off the lampshade and vowing never to overindulge again.

We see evidence that companies are beginning to understand their customer income streams well enough to know precisely which tactics increase their value—and which do not. We see at least four areas where recent developments have made difficult budget decisions easier.

Proportionately less spending on traditional advertising. Good advertising still matters—it probably matters more than ever. But because it is by nature a less granular means of targeting the right customer incomes with the right tailored value proposition, it is proportionately less reliable in terms of specific impact. Advertising is no longer the blunt instrument it once was, but it is far from the laser beam today's message-saturated consumers can respond to.

Proportionately less spending on direct mail. Even without the anthrax scare, direct mail has been coming up against more critical scrutiny for two good reasons: metrics and volume. Its primary metrics are still response rates, conversion rates, products sold and so on. But these metrics are not expressed in terms of specific customer segments and segment profit goals.

Besides, customers are saturated. The sheer volume of mail diminishes consumers' appetite for winnowing through it.

Just as individuals annually swear off desserts or drinks or other indulgences that bring no value, so also are companies taking off the lampshade and vowing never to overindulge again.

Proportionately less spending on banner ads. Banner ads have a solid role to play in reaching online consumers. But the excesses of the past year or so have trained consumers to ignore them—often to hate them—and reject them out of hand. Who hasn't had the experience of mousing after ads all over the screen trying to close enough windows to get a look at the content you wanted in the first place?

Proportionately more spending on making customer information actionable. The last few years have seen heavy spending to improve the quality and quantity of customer information—customer profitability, potential, propensity, preferences. Now we can expect a shift to more "best practices" that make that information pay off. Simply calling a high-value customer to say "we value your business" is not enough. Now it is necessary to suggest actions that add value—based on reams of information already known about that customer. This means having a "playbook" of best practices organized according to market segment. It means continuous testing to understand how these best practices do or do not improve the profitability of those segments.

A good example would be to contact high-value customers who have migrated heavily to electronic transactions for convenience but might regret no longer "knowing anyone" at the bank. The offer would be an annual one-on-one meeting to maintain the relationship.

This year's resolve will be to drive more revenue with less spending on broad initiatives and to deploy the large store of customer information and insights so that limited resources can bring more focused, targeted messages and value to customers, thus increasing the value of customer-income streams. ■

Carreker Corporation
4055 Valley View Lane
Suite 1000
Dallas, TX 75244
(972) 851-1164
rhall@carreker.com