Turning Big Data Into Big Revenue

Segmentation Tips for Relevant Customer-Centric Marketing

The term "Big Data" can be an anxiety inducing one for many financial services organizations and it is easy to become overwhelmed with the sheer volume and velocity of data available today. Yet, many would agree that if leveraged well, Big Data can become a substantial competitive advantage.

In addition to valuable internal data (ex. client balances, products, demographics, etc.), there are many rich external data sources that can help organizations empower their marketing efforts by creating a more complete picture of their customers and prospects.

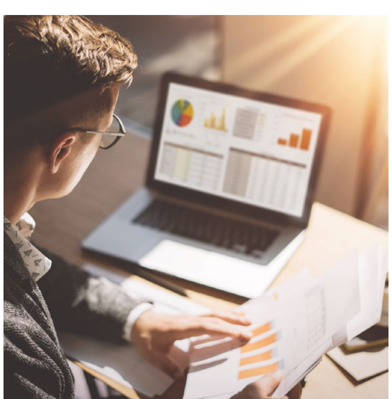
The key to benefiting from Big Data is to find ways not to drown in it.

How Does Big Data Play Into Actionable Segmentation Strategies?

One common approach marketing organizations across the Financial Services industry rely on to gather and distill disparate data is segmentation. Many firms segment their existing customer bases as well as the markets in which they do business in some fashion today, but often find it a struggle to do so in a way that will be effective and actionable. Also, they may not know where to start when it comes to combining their own internal data with the vast amounts of rich, well-managed external data to gather actionable insights for better decision making.

Here are four tips to help firms get started implementing actionable segmentation strategies for both traditional data sets and Big Data from internal or external sources:

1. **Begin with the end in mind.** Get agreement on the business goal and then design a segmentation approach around that goal.
2. **Build only what can be operationalized.** Define the steps for turning segmentation data into insights and then into decisions. Make sure each step is feasible, affordable, and compliant with regulations.
3. **Use data that replicates the customer's view, not just your organization's view.** For example, a bank needs to look beyond a client's accounts in your organization only and consider the client's total wallet and needs. Share the insights gained from segmentation. Often times, segment definitions can be applied without substantial changes by other core systems and customer-facing personnel.



use case

4. **Minimize expenses and optimize investment.** Understand cost to serve for key segments and use this as guidance for fee refund decisions, rate offers and pricing, customer experience improvements, and other decisions involving expenses and investments in Big Data assets.

Segmentation schemes can be applied in the following valuable ways:

- Define customer segments for cross-sell strategies
- Identify high-potential prospects for new customer acquisition efforts
- Size markets and identify growth opportunities for key target segments
- Tailor online messaging by differentiating online visitors
- Improve CRM and loyalty efforts by delivering communications using the right channels and relevant messages

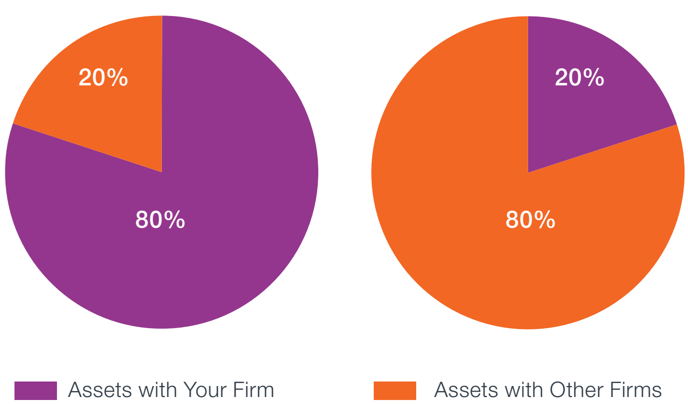
Ultimately, an organization that does not use available data assets for a broad, deep and timely view of its customers and prospects will lose business to its competitors. Now is the time to start thinking of Big Data as a big opportunity rather than a big effort.

Incorporating External Big Data Sources to Super-Charge Segmentation

There are numerous ways to segment a population to reach specific goals and get the desired outcomes. Depending on the objective, bank marketers can segment existing customers solely by internal behavioral data. However, without a lens into the full client wallet and financial situation, marketers may not fully understand the relationship potential that exists.

Does a particular firm likely hold 80% of a household's assets? Or is that number closer to 20%? By having a better understanding of their estimated share of wallet, bank marketers can develop more actionable segmentation strategies.

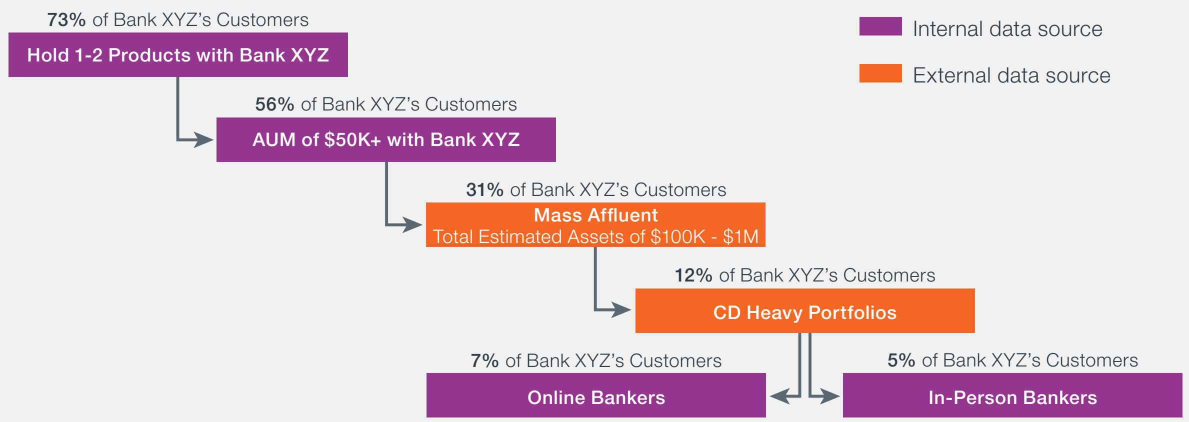
Which one is the more accurate share of walllet?



Examples of external data sources that can help banks piece together a better picture of a customer's or prospect's likely financial capacity and behaviors are estimates of total investable assets, income, credit, and likely investment preferences, to name a few. Firms can also incorporate more granular external data that distills anonymous wealth data from millions of U.S. households to estimates of deposits, stocks, bonds, mutual funds, annuities, and other assets that a household may hold in their full portfolio, not just their assets under management with a particular organization. Estimates of holdings in various deposit product categories (interest checking, CDs, etc.) and outstanding credit (mortgages, card, auto loans, etc.) add additional insight.

Sample Scenario: Using Big Data to Narrow the Target Audience for a Cross-sell Campaign

Firm XYZ would like to implement a targeted marketing campaign to cross-sell deposit products to existing customers. Using a combination of internal and external data sources, they are able to narrow in on their target audience and come up with meaningful segments for their campaign:



Firm XYZ is able to make the most out of their limited marketing budget by narrowing their target audience to customers who are the best fit for the products they are hoping to cross-sell. They have also developed segments that allow them to version their campaign to suit the channel preferences of their target customers (ex. in-person or online). Successful segmentation helps marketers deliver the right message, to the right household, via the right channel.

NOTE: The data in this document is for representative purposes only.

2014 Use Case. Results may vary based on actual data and situation.

CONTACT US

info.ddm@equifax.com
800-210-4323
equifax.com/DDM