



Newsletter August, 2008

Strategic Market Intelligence (SMI)

SMI is an analysis that enables you to identify your "best" customer segments and determine your market penetration and opportunity, in order to increase revenue, lower costs gain more share of wallet, and increase profitability. We can help put more dollars in your wallet...with segmentation you can use!



With banking products becoming more and more a commodity, how do you set yourself apart from your competition? The more information you have about your customers, the better you can serve them as well as market to them. We call this level of segmentation Strategic Market Intelligence; and it is a way to identify your priority segments, increase your client's share of wallet, and build retention and acquisition strategies around your priority segments. OK, but how, right? Using your existing MCIF and CRM technology, **Marquis** can help you identify, quantify, and execute to stay ahead of the competition.

Strategic Market Intelligence 101

X Identify priority segments

The first step is to append psychographic segment data to your retail households. P\$ycle codes are indicators comprised of age, income, presence of children, as well as financial behavior, product usage and propensity of product usage. Layering this information with profitability will allow you to identify your most profitable segments and enable you to choose the P\$ycle codes to focus on.

X Increase client's share of wallet

As the next step, a Market Profile of your current market area is necessary to determine what deposit and loan dollars are available. This allows you to identify what percent of the market share you currently own versus the total market potential in terms of deposit, loan and service volume. If you own a large percentage of the market share the only way you can grow is by deepening the existing client base by increasing your share of their wallet!

X Create look-a-likes

According to "The Secrets of Customer Retention Exposed," it is 5 times more expensive to acquire a new customer than it is to keep an existing relationship. Therefore, spend 60% of your time on identifying opportunities within your database that have proven successful, especially the existing

profitable relationships. Overlay the P\$cycle data with the market data to see who is most profitable, what P\$cycle codes fall into your priority segments and learn which of your products your top customers have. Now you can define who you want to market to next. MarketTrax can help you identify Households with similar characteristics. Furthermore, create a campaign based around the next most likely product of these Households. The campaign feature will allow you to tag and track your success over time.

✘ **Develop retention strategies for priority segments**

Don't stop now! Developing a retention strategy for these segments can significantly improve your profitability! On average, the top 10% segment generates over 200% of your profit. Make sure they stay with you and don't go to the competition. Why? A 1% increase in retention can increase profits by 17%, or \$170,000 per \$1 million of income. That is huge!

✘ **Take Action!**

Need I say more? Simply create a campaign for your priority segments and let MarketTrax track your campaigns. You will be able to identify any new accounts, the attrition rate, and continue to update the look-a-like profile of these priority segments over time.

✘ **Consulting Corner**

Need help in developing and implementing a strategic plan? We can help you create a realistic strategic plan, including collecting and analyzing the required information, and then developing, implementing, and tracking a workable action plan. Our team of experts will customize your strategic plan just for you. Please contact us at sales@gomarquis.com.

Strategic Market Intelligence allows you to create a road map of your current clients, the market place and how to best serve them. If you want to take this to the next level, you can use the above outline and focus on deposit or even loan information.

Our Support Team, GoMarquis Team, and Consulting Team can help you with basic concepts as well as detailed projects. We are here to help you increase your institution's market share! Call us at 800-365-4274 for any questions you may have.

Sincerely,

MARQUIS