

How to get a 75% response rate from your premium customers

Inspired Leader Kari Opdal, Head of CRM at Union Bank of Norway, launched a Dialogue Marketing initiative that harvested a staggering 75% response rate from its top 110,000 customers. Five years on, she and her customers have graduated to Event-Based Marketing. Welcome to the future of banking...

Cross-selling is NOT a relationship

Banks think of CRM and direct marketing mainly as a tool for 'cross-selling' - selling more to existing customers. But, it is not well thought through. An example: direct mail, which the financial services companies love, does not work with life insurance: so save your money, no matter what you think the cross-selling opportunity is...

True relationship-building starts with Dialogue Marketing. We moved to Dialogue Marketing, because everything we did up till that point was initiated by the bank: our marketing was us going to the customer and saying 'Try this' or 'Buy that'.

Five years ago we abandoned that with our most important customers for something new. We sent them a 40-question survey about their family situation, financial status... all the things a bank would like to know.

And we were open about the proposition: "Invest some time in this and we will offer you preferential rates on savings accounts and other 'premium treatment' benefits in return for the time you invest in answering this survey once a year."

We got a 75% response rate from our top 110,000 customers. Now we are moving these customers onto Event-Based Marketing, where the customer triggers activity rather than the bank.

Event-Based Marketing

It works like this: if an unusually high deposit appears in a premium customer's account, we assume that is a life event of some kind. The account manager calls or emails them saying "Anything we can do to help with that?" (this is with the customer's permission in advance).

We had a 60% take-up rate with the pilot. I'm not guaranteeing that will stay so high once we roll it out across all channels, but even if it plunges, how much can it plunge while still looking spectacularly better than 2% direct mail response rates?

The Secret Formula

Here are five critical factors behind our success so far in moving to Event-Based Marketing with our premium customers:

- 1. Top management support:** Our management wants to be ahead of the market. The head of the bank's clear guidance to us is this: "You don't make footprints where other people walk".
- 2. Data quality and discipline:** This is where so much database marketing (as was) falls down: you need a culture change to create a closed loop so that the people putting in the data are affected themselves by the quality. If the data is bad, it'll get back to you and make your day harder.
- 3. Outbound sales competence:** Not always a given in banking...

4. **Support systems for customer contact staff:** Customer interaction management software, especially

5. **Management Information Systems:** You get what you measure. We moved away from a traditional ledger approach to value-based measures

6. **Be practical and pragmatic:** Consume a slice day after day. Don't try and eat the elephant whole

Source: Kari Opdal was speaking at an Inspired Leaders Network event on 'The Last Frontier: Creating The Compelling Customer Experience' to twenty-five directors of bluechip companies, in June 2001, in the City of London. These events are by invitation only for Director-level and above members of The Inspired Leaders Network.

Kari's bank, the Union Bank of Norway, has a personal customer base of around a million - one in four of Norway's population.