

On the Road to Strategic CRM: Balanced Database

Helen Dunnett

helendunnett@hd-consulting.co.uk
www.hd-consulting.co.uk

Now the dust has begun to settle on arts funding and organisations are grappling with having to achieve more with less and prove what they're doing is effective, it becomes ever more urgent to get a Customer Relationship Strategy in place.

As part of my CRM quest I'm working with Warwick based database marketing company Purple Seven to deliver their cutting edge *Balanced Database* programme. Simply put it's an intensive training programme that gets you software, training and marketing support and aims to increase ticket revenue, reduce wasted marketing spend and improve mailing response rates. And the best bit is you get your money back if that doesn't happen!

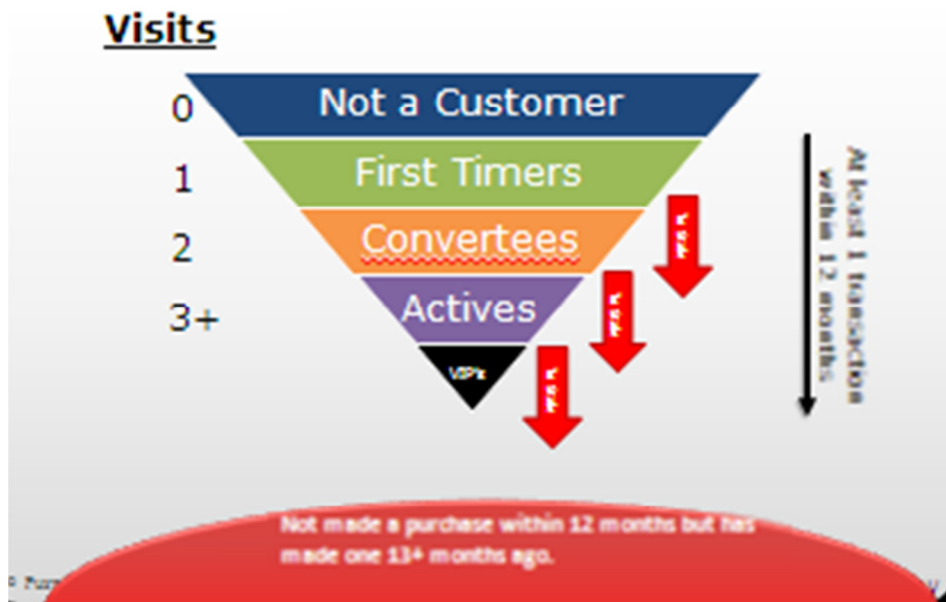
If you read my last opinion piece '*Customer Relationship Management: the strategic choice*' I emphasised the importance of your box office data and it being the 'database of truth' and that's what *Balanced Database* is all about. It makes the most of the valuable resource that you've already got and makes it really work for you to help market to the right people at the right time with the right offer that will bring audiences through the doors more often for a lower marketing cost.

What's really exciting, and the reason I've become involved, is that it's so much more than a piece of software. As well as doing what it says on the tin it is in reality a whole new approach to managing CRM. So rather than handing over the software with a bit of technical training there are three intensive days working directly with organisations on segmentation, communication methods and developing a strategy. And after that there's still 12 months of marketing support to be had.

The starting point is about getting to grips with the fundamentals of segmentation and whilst there are lots of sophisticated segmentation models out there (like *Audience Builder* – my last opinion piece; MHM's *Culture Segments*; ACE *Audiences Insights* etc) the key thing about *Balanced Database* is that it doesn't require any additional data or research because it's based purely on the existing database so it can be implemented immediately. The idea by the end of the course is that there's a comprehensive understanding of the segments that exist within the customer database, an ability to manage the database so it works for the organisation involved and knowledge of the different strategies to employ, how to deploy them and why they are important.

The first step is to analyse the organisations data (that's real, 'live' data) to see if it conforms to some standard principles of recency, frequency and value. After all one customer type is not enough, there needs to be several customer types in the database

who can be relied on to respond in different situations and we need to understand who we actually have and their propensity to attend. And the segments that *Balanced Database* works on looks like this:

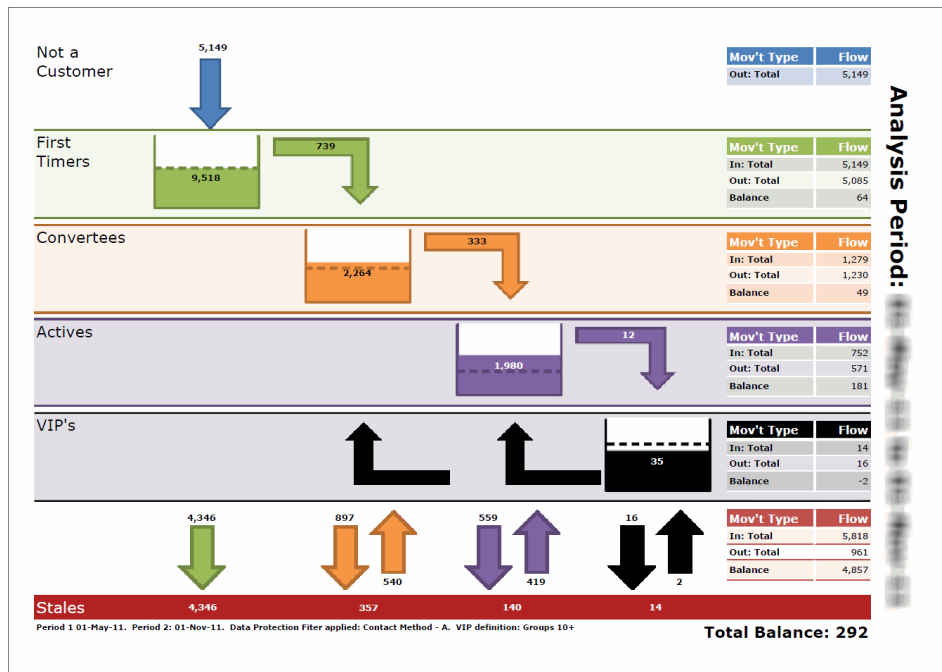


Achieving a *Balanced Database* though is about getting a balance of each of the segments in the funnel, where the 'in flows' are equal to the 'outflows' (either to stale or migrated to another segment) and where the volumes in the segments can sustain the necessary activity. If the balance of customers in a segment stays the same but revenues fall then there are not enough customers in that segment.

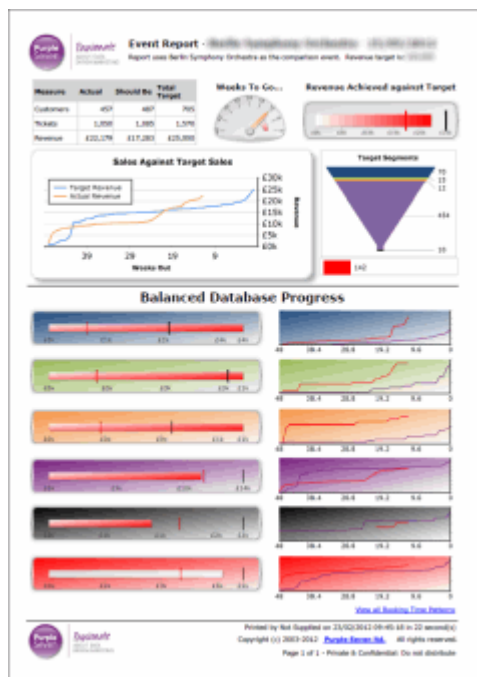
What is clear from the data is that recency and frequency drive propensity to attend and that each segment has different levels of propensity and purchase behaviour. So the more recent your last visit, the more likely it is you will attend again and the more you attend, the more likely it is you will attend again.

So if one were to implement a 'maintain' strategy (where the database is balanced and we want to keep the numbers in each segment the same) the ideal would be to reduce the flows to keep the same number of customers in the segments – this means reducing flow to stales so we need fewer new customers.

This all comes together in the next *Balanced Database* tool which gives a picture of the flows in and out of each of the segments over a given time period (ideally that would be over 12 months). This flow chart provides the information to understand the dynamic nature of the balanced database and a basis on which to start to develop the communications tools to target the different segments.



Lastly, and the content of the final training session, would be to figure out the different strategies that might be employed be that Growth, Exploit, Re-activate, Maintain or a combined strategy. These event reports are vital in helping organisations to make those decisions and back up the figures from the flow chart.



Colston Hall in Bristol have been undergoing the training programme over the last few months and it's already had dramatic effect on their marketing both in terms of the return on the investment and in prompting a whole new way of thinking and developing CRM strategies for the future.

For example as part of the 'money back guarantee' they undertook a brochure mailing where they agreed to mail 50% of their list in the usual way and to allow Purple Seven to mail 50% using *Balanced Database* (both mailings went out at the same time). The results speak for themselves:

Colston Hall	Purple Seven
2,500 mailed	2,500 mailed
4% response	16% response
£4,500 profit	£26,400 profit

Consequently there was no money back!

And this is what Head of Marketing, Sarah Robertson, thinks about the programme so far: *“Using Balanced Database has changed for the better the process of planning and implementing marketing campaigns for our shows and Colston Hall overall. The system gives us clear data at our fingertips that helps us see current and potential audiences and points to marketing tactics that will work to increase sales and recognise and act upon shows that need a push.*

The training from Purple Seven and Helen Dunnett has been interesting and inspirational, with the sessions being challenging enough to question our overall audience strategies but also simple enough for us to be able to take the learning's home and implement them easily at the Hall.”

This has got to be the place to start building relationships with your customers. What's really important about Balanced Database is that it's a leap forward in segmentation implementation from the days when I pioneered *Audience Builder* where you needed a heck of a lot of dedication and commitment to maintain and monitor.

And once these basic building blocks are in place and working effectively you can add more sophisticated audience development building blocks such as *Audience Builder* or one of the other segmentation models out there.