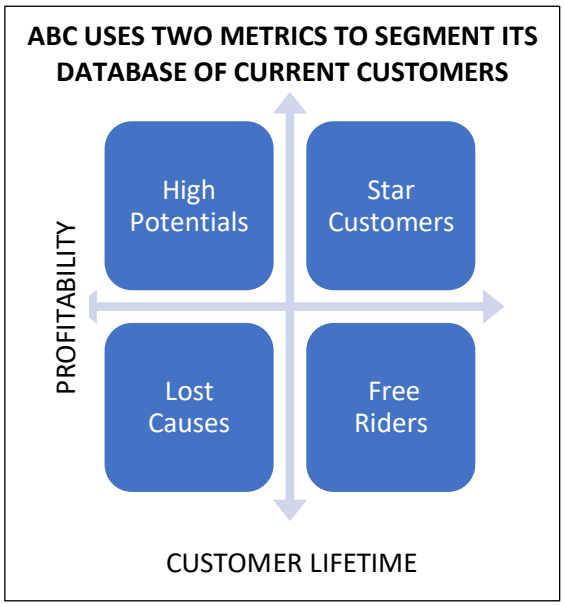
A DIGITAL MARKETING EVOLUTION: ABC FINANCIAL SERVICES USES DATA TO REFINE ITS MARKETING COMMUNICATIONS STRATEGY

ABC Experiences a New Challenge

ABC Financial Services offers a niche financial product to customers. Founded in 1975, ABC was the first to offer this specific financial product. For many years, the firm enjoyed profitable customer acquisition and market growth. It still remains among the top two firms in this $1 billion industry. At the same time, three new firms recently entered the market to offer the same niche product. As other firms position to convert ABC's customers and erode its market share, ABC aims to expand its customer base and adopted an aggressive growth strategy.

A Customer Segmentation Approach Becomes Less Effective

To acquire new customers, ABC uses a combination of digital and traditional media to share its message with as many people as possible. This broad focus generates top-of-funnel leads at a low cost per lead, but the leads are often low quality. As a result, conversion rates and customer acquisition growth lag behind the targets established by ABC's leadership. ABC must refine its marketing and acquisition strategy to remain competitive.



To segment current customers in its database, ABC uses two key metrics – customer lifetime and profitability. This segmentation strategy is useful for highlighting which customers are most profitable at any given moment in time. However, there are some significant problems with this approach to the database, and ABC recognizes those limitations. To truly understand its own customers and target new ones, the firm's segmentation strategy must evolve.

Last Touch Attribution Presents A Limited Picture

ABC uses paid social, paid search, email, and affiliate marketing to acquire customer leads. The firm focuses its paid social budget on Facebook ads, presenting prospective customers with an advertisement and call-to-action that encourages people to inquire about its niche financial product. The firm uses email to encourage customers who have started applications to complete

them. On average, 17% of the customers who receive this email ultimately complete the lead form.

ABC uses a "last touch" approach to marketing attribution, which means it attributes a successful lead to the marketing channel a prospective engaged with just before completing a lead form. Because prospective customers look for discount or referral codes before completing a lead form, this last touch approach tends to overemphasize the positive impact of affiliate marketing. ABC wonders whether other channels might be more effective than the data indicates.

Channel	Marketing Leads Per Month	Conversion Rate	Cost Per Lead
Affiliate	11,500	18%	$85
Email	3,200	5%	$175
Paid Social	5,600	3.5%	$155
Paid Search	4,600	2.75%	$185

The Way Forward

To address these challenges and growth objectives, ABC Financial Services engaged Premier Digital, a digital marketing strategy and analytics agency to provide insight. After assessing ABC's situation, Premier recommended that the firm expand the attributes in its customer database. This database development will provide ABC with the opportunity to create rich, dynamic customer profiles, allowing ABC to better communicate to current and prospective customers.

(See next page for case analysis questions).

Case Assignment 1: Customer Segmentation
Due September 26, 2018

1. After reviewing the case, describe some of the problems with ABC's current segmentation strategy. Why are they problems?
2. Refer to the *Segmentation and Targeting* reading assigned for today and develop a segmentation strategy for the company. Based on your analysis of the data provided, explain how ABC Financial Services should segment the market? Which attributes are most relevant?
3. Based on that analysis, describe the firm's best customer segments. Who are the least profitable customers? Outline 2 or 3 top customer segments, based on current customer data. Include tables or graphs to highlight your data analysis.
4. From there, develop a buyer persona to represent the best prospective customer segment. While not required, Xtensio has a tool to help you build one. Why do you believe this is the best prospective customer segment?

Upload your PowerPoint case response and an Excel document with your data analysis.