

Building Integrated Customer Value Management Strategies

CVM Banking Case Study

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Managing Partner



- CVM Approach for Segmentation Model Development
- Examples of CVM Segmentation Approach & Considerations
- Implementing Segment Management using the (CVM) Approach
- Summary of Benefits of CVM Framework & Customer Based Design Approach



Introduction to our approach

- We believe that our integrated approach to Customer Segmentation Model development is unique and has a very versatile and practical approach to Customer Strategy development.
- We propose to demonstrate how our Proprietary Customer Value Management (CVM) segmentation and customer management approach will assist with Acquisition of New Customers, Customer Management, Expansion of Existing Customers and Retention of Valued Customers.
- We will also demonstrate how our Customer Value Management approach and CVM architecture can assist you in developing focused and segment specific Strategies & Value Propositions to maximise effectiveness and results.
- We will share share how this Customer Value Management Framework and Customer Based Design approach has been used to drive practical and meaningful business initiatives and outcomes.

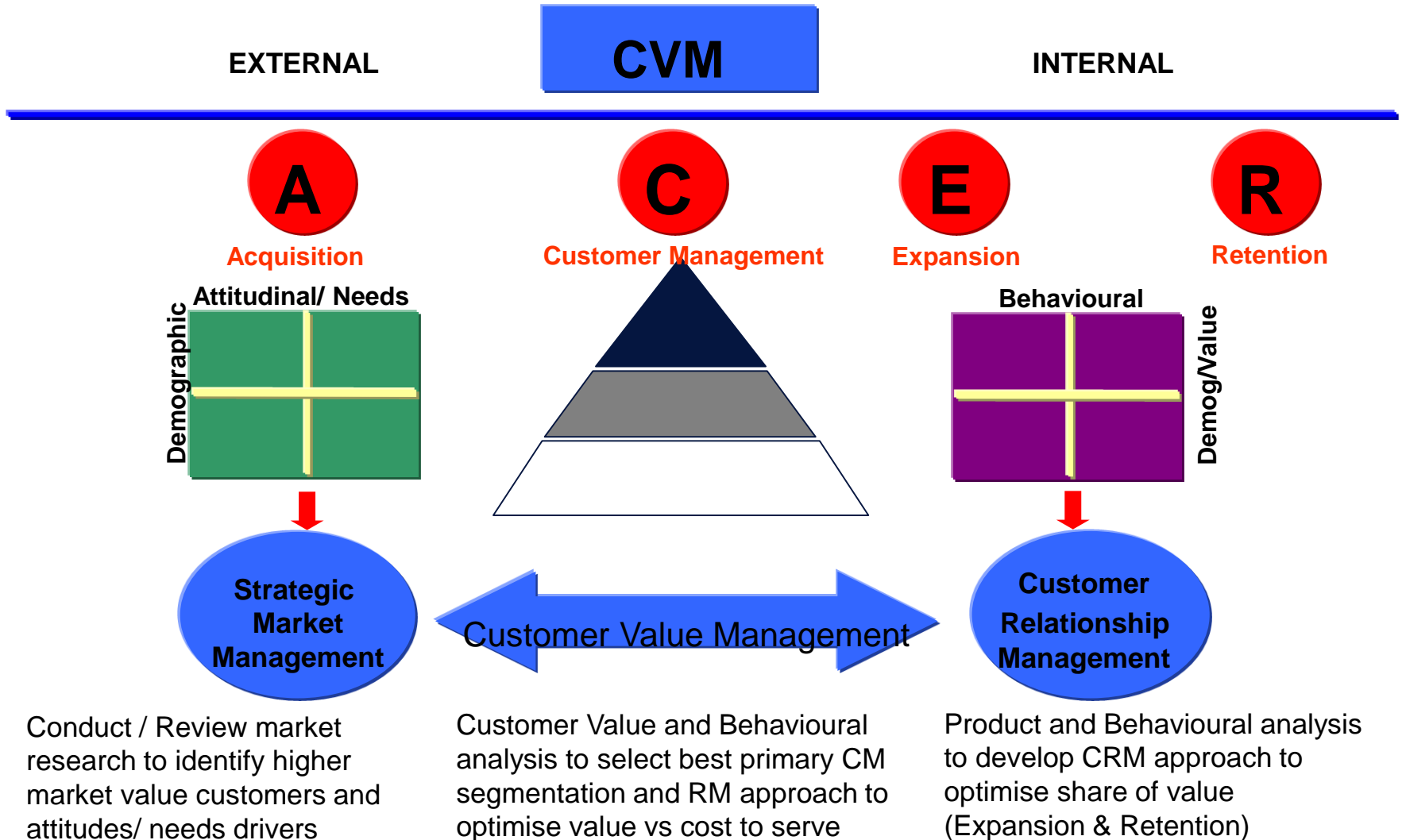


CVM Approach – Segmentation Objectives are quite simple... but challenging ... to develop a practical model that can be implemented

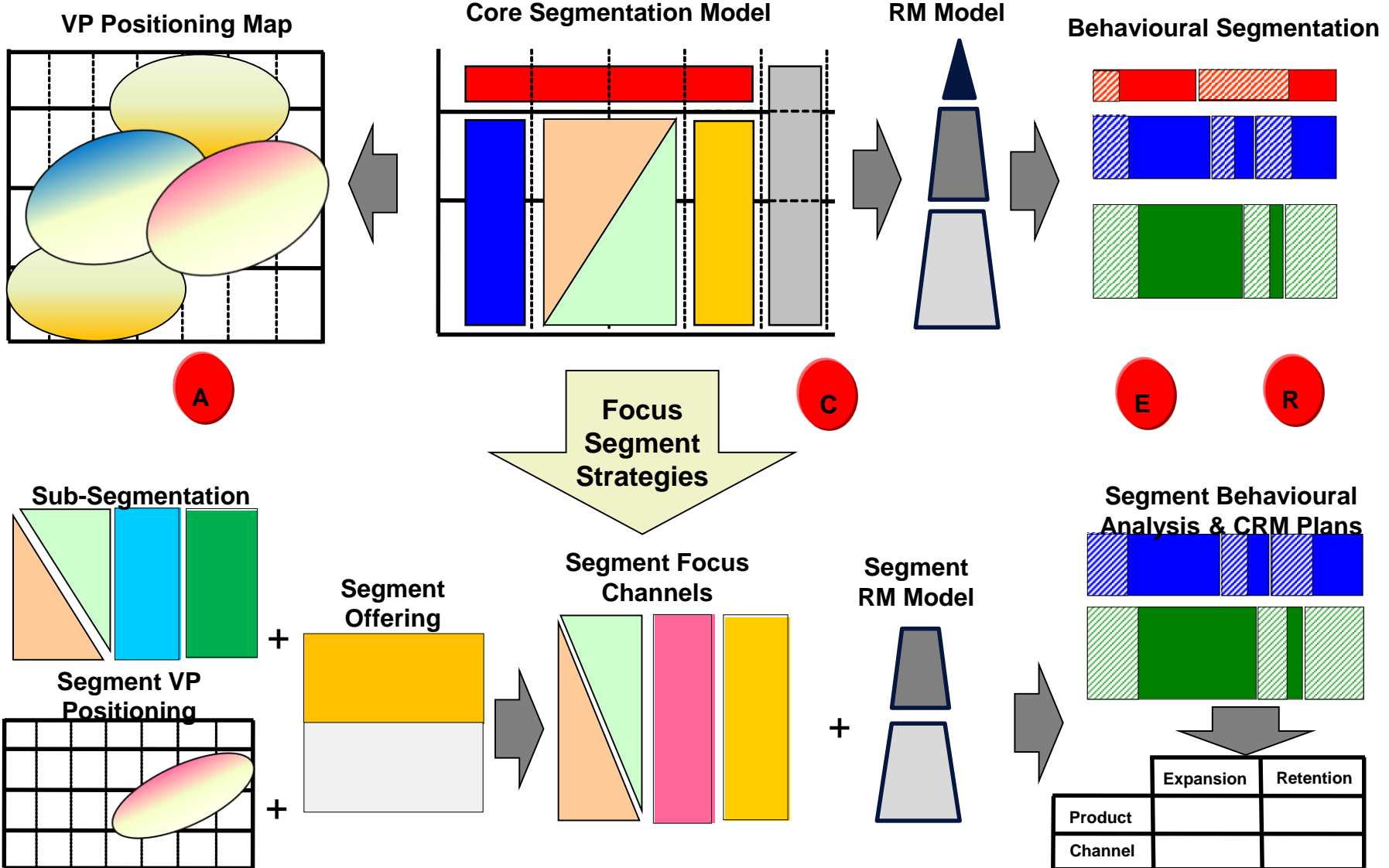
- To develop a customer segmentation approach which categorises the Market (existing and potential customers) into manageable groups indicative of -
 - Current and future needs
 - Current and future value to the marketplace

- To develop a customer segmentation approach which is meaningful and usable at all levels within the business -
 - Segments must be large enough - size and profit
 - Segments must be identifiable - able to be “tagged” on database
 - Segments must be practical and illustrate opportunity
 - Segments must be managed - single point of accountability

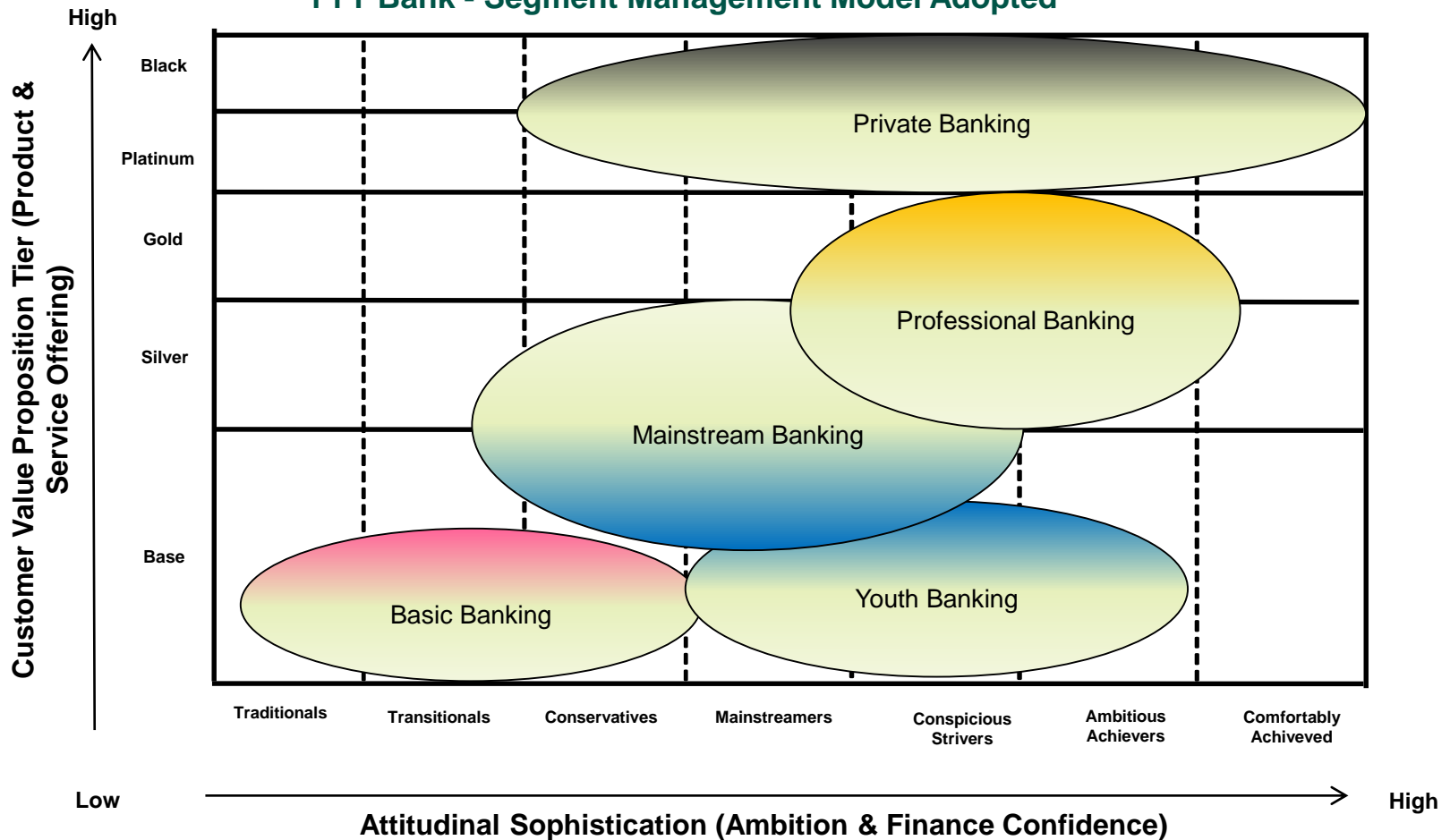
CVM Framework – Our CVM framework is a simple and structured way to better understand the market and your customers



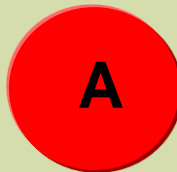
Segmentation Architecture – The CVM Framework helps structure and prioritise implementation planning



YYY Bank - Segment Management Model Adopted

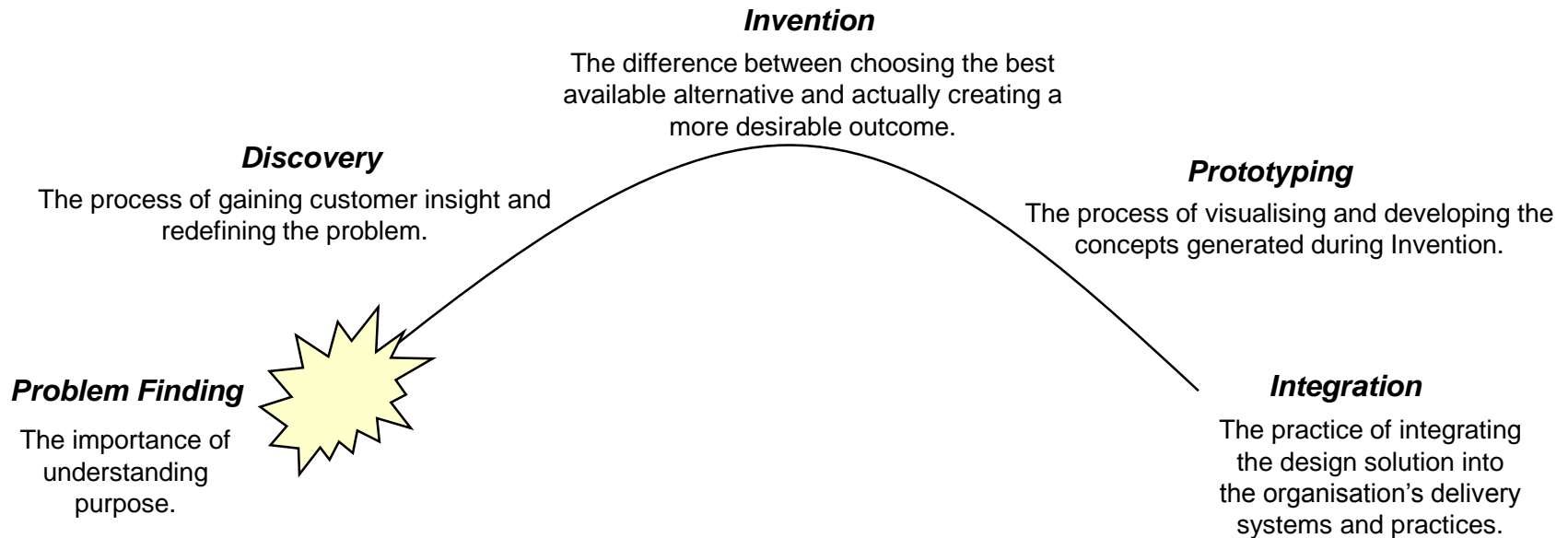


Customer Based Design – Our Customer Based Design process will clarify objectives and intent towards designing ideal propositions

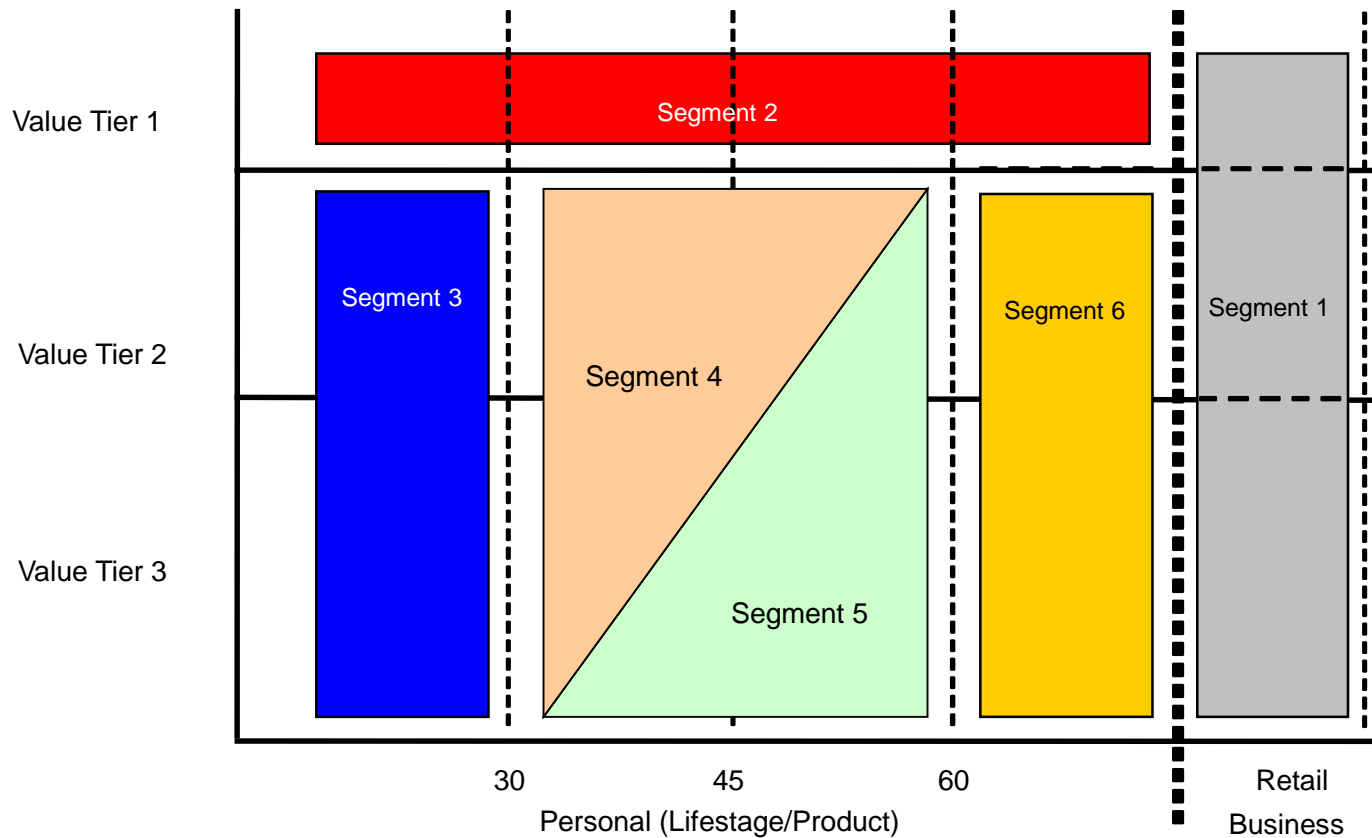


Acquisition

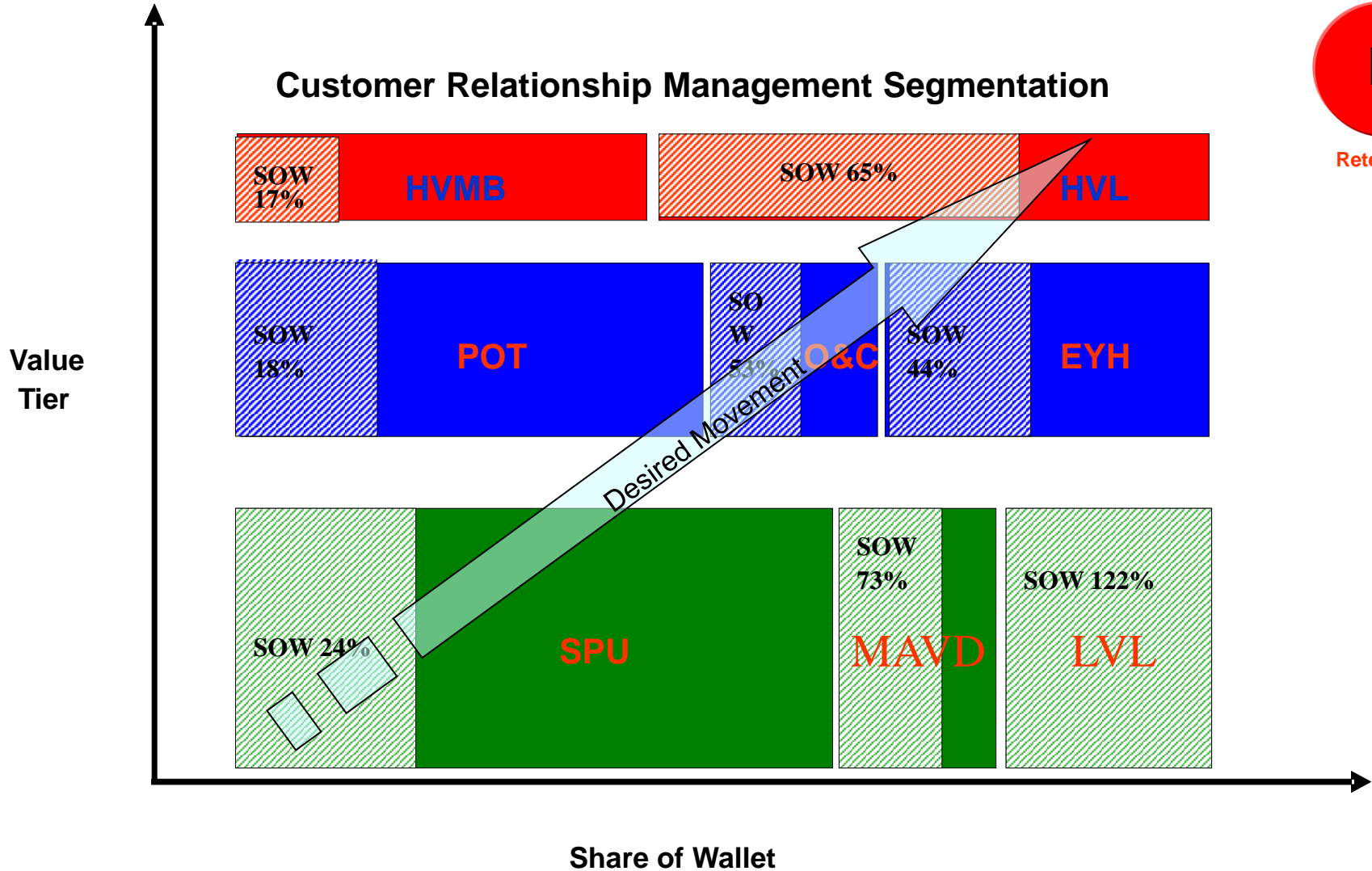
Successful Customer Based Design involves having a well-defined understanding of purpose (Strategic Conversation), developing a keen understanding of the customer and the problem (Discovery), creating new ways to solve these problems (Invention), exploring the best ways to actualise those solutions (Prototyping), and executing a well thought out plan for dissemination of these solutions into the world (Implementation).



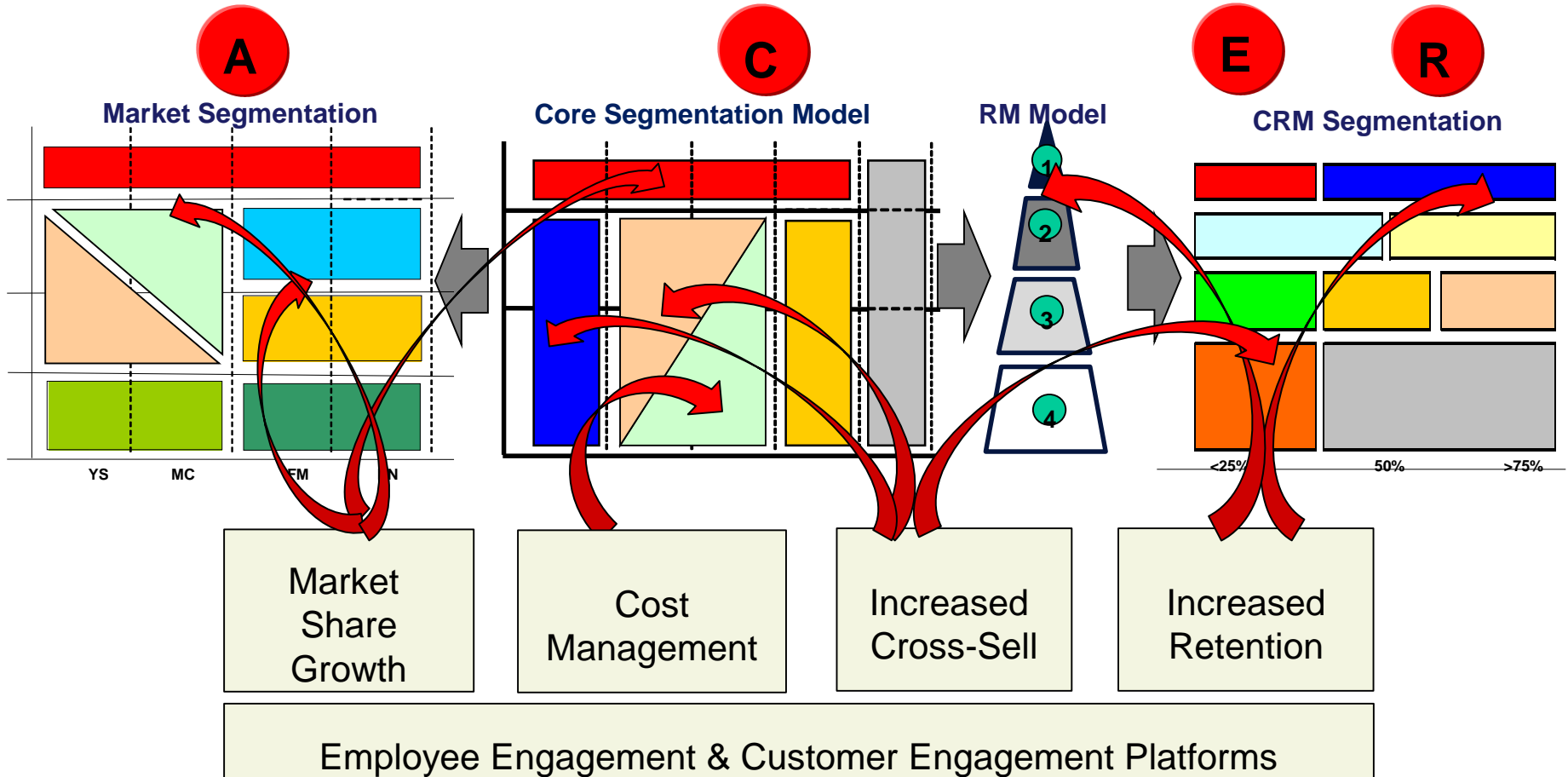
XXX Bank - Primary Segment Management Structure







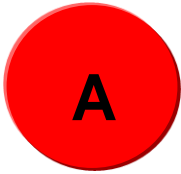
CVM Strategy Focus – The CVM Framework helps develop overall Customer Strategy direction and alignment to business priorities



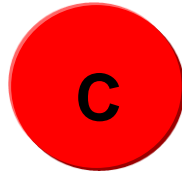
The Segmentation Model & Operational CVM Architecture will provide good alignment & customer centric marketing & sales direction to Core Business Strategic Priorities

Focus Segment Management – CVM Framework can also be applied for individual Segment Management Implementation...

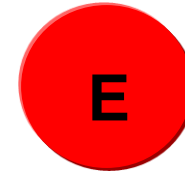
Customer Value Management



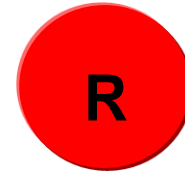
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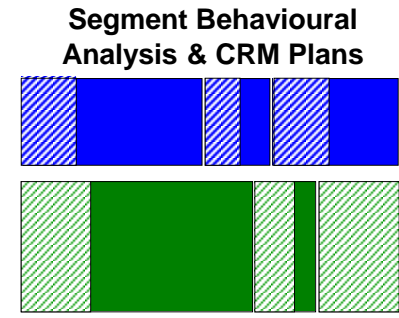
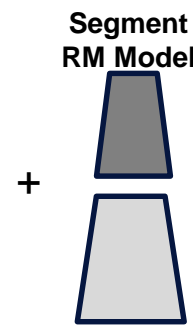
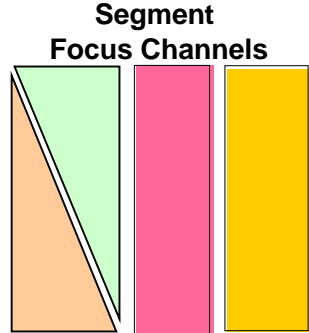
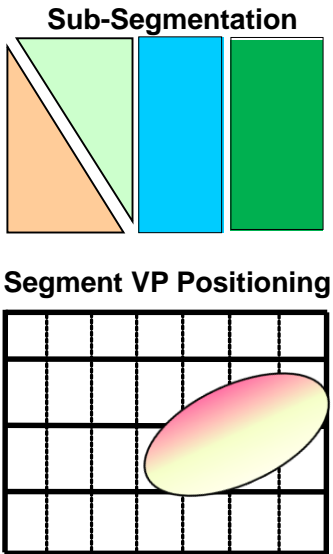
Customer Management



Expansion



Retention

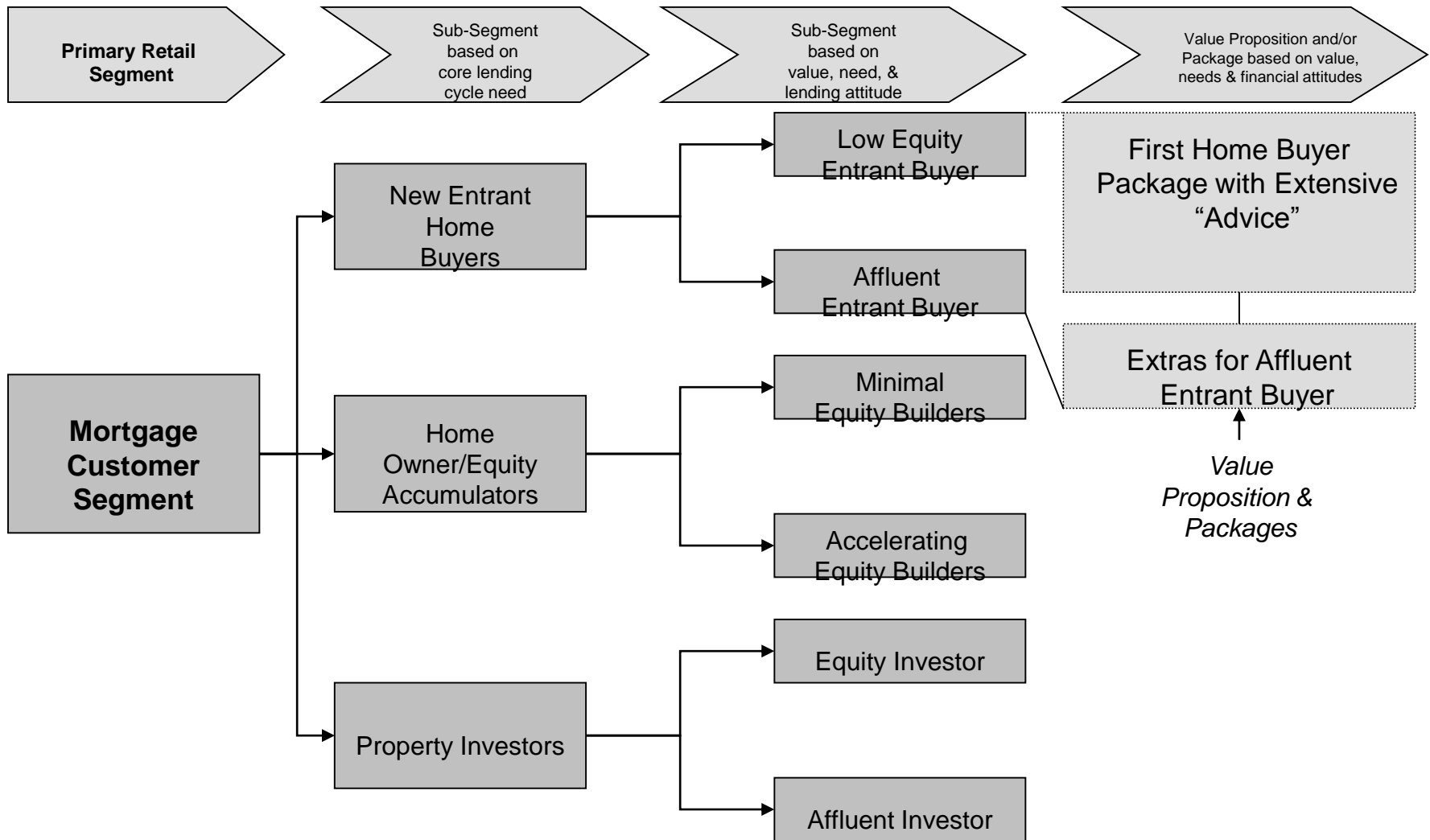


	Expansion	Retention
Product		
Channel		

Acquisition – Further sub-segmentation allows correlation of sub-segment needs with value proposition development



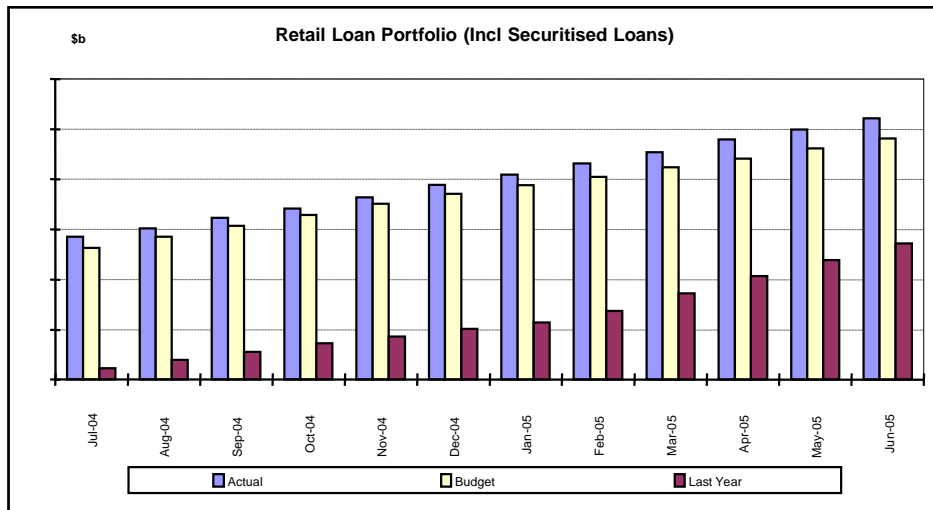
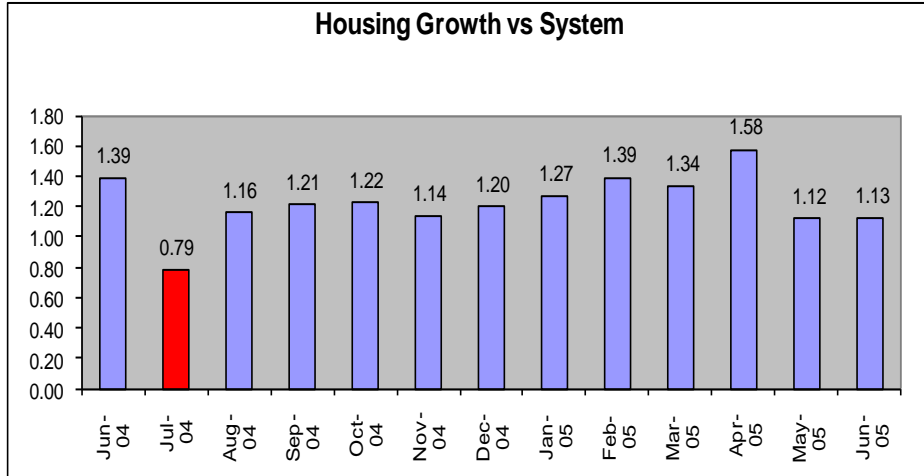
Acquisition



Does it work? – This focused strategy allowed XXX Bank to optimise acquisition and grow ahead of system



Acquisition



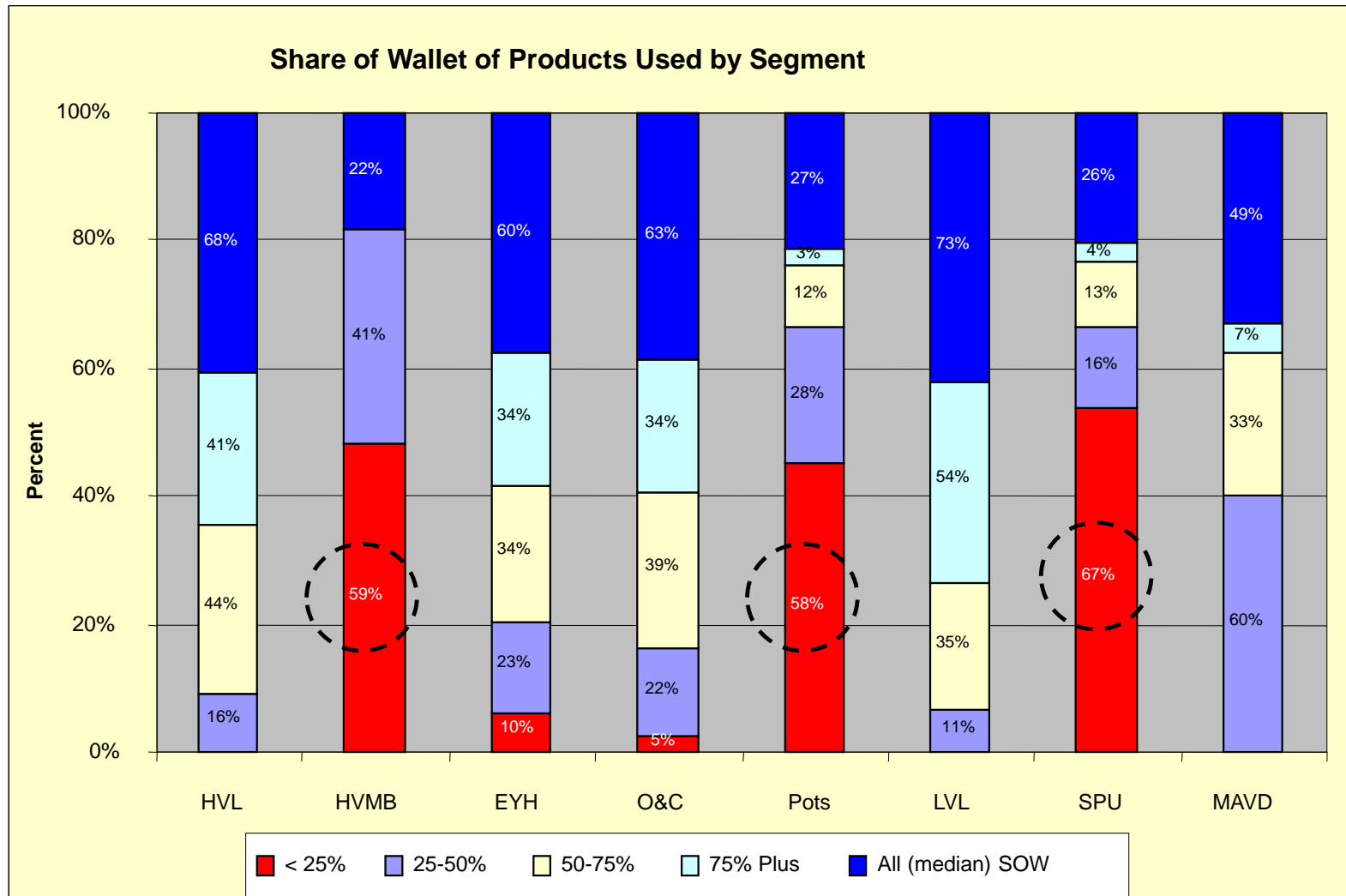
Expansion & Retention – SOW & Behavioural analysis gave direction on where to focus Expansion & Retention



Expansion



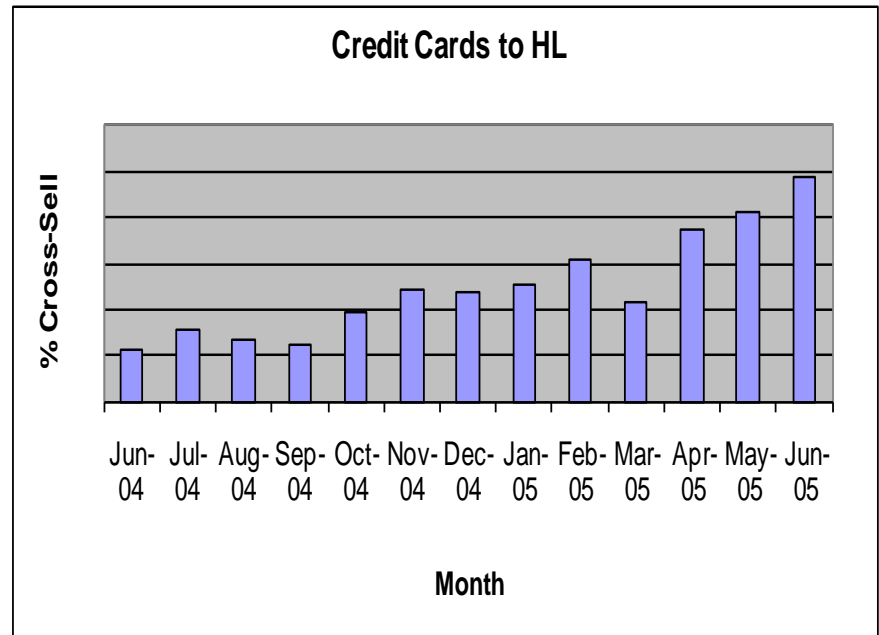
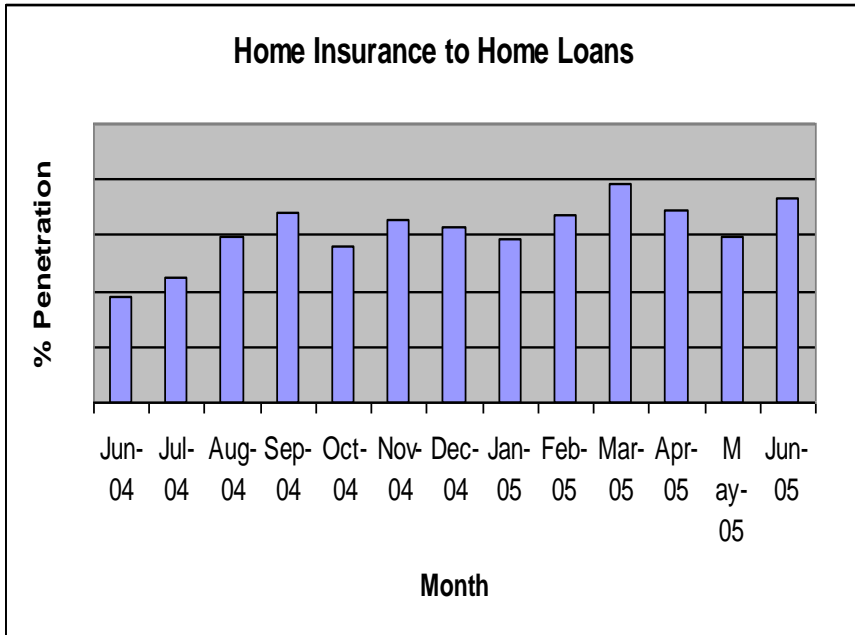
Retention



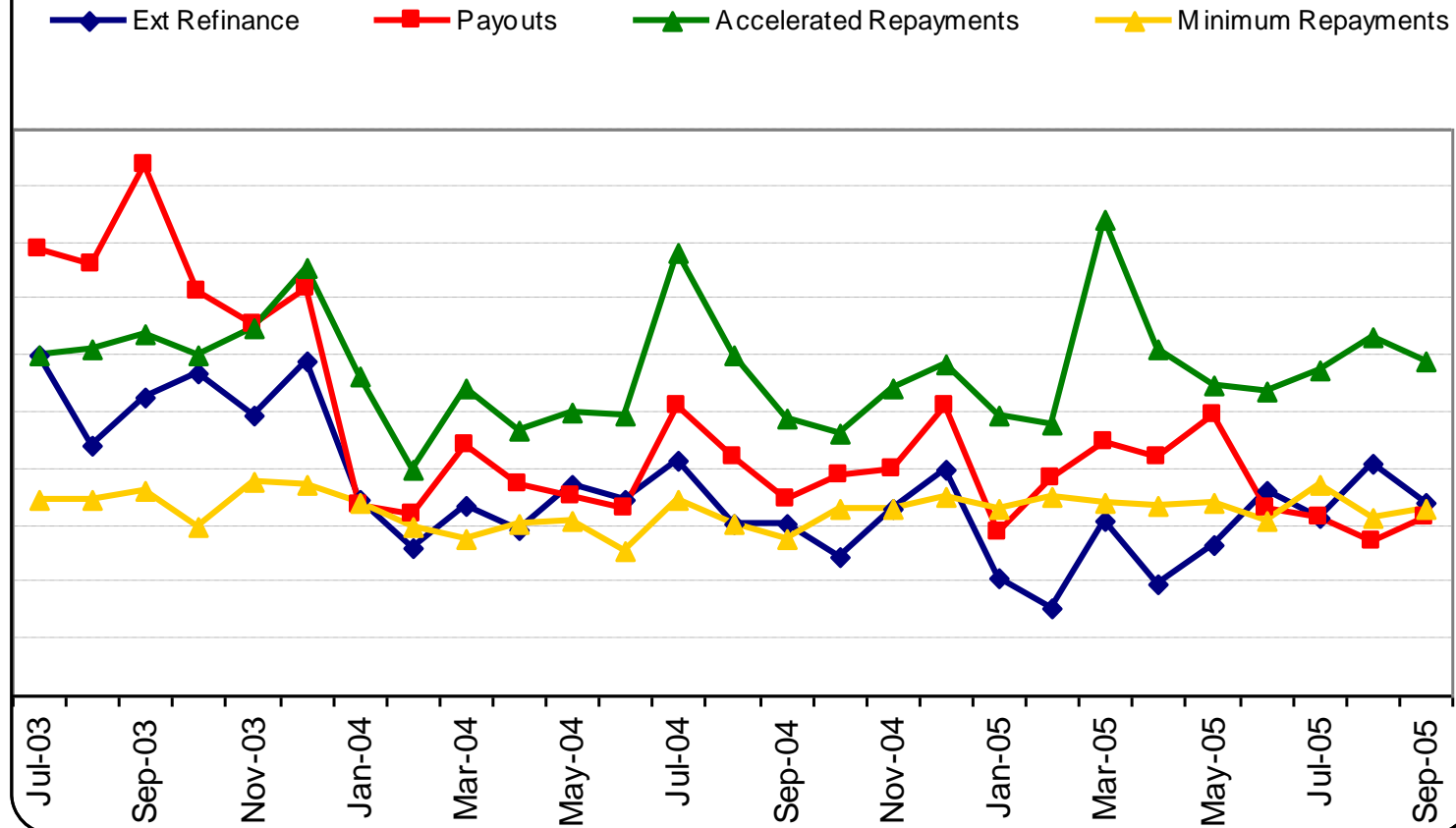
Does it work? - Total Products per Customer grew significantly, with some particularly good product successes



Expansion

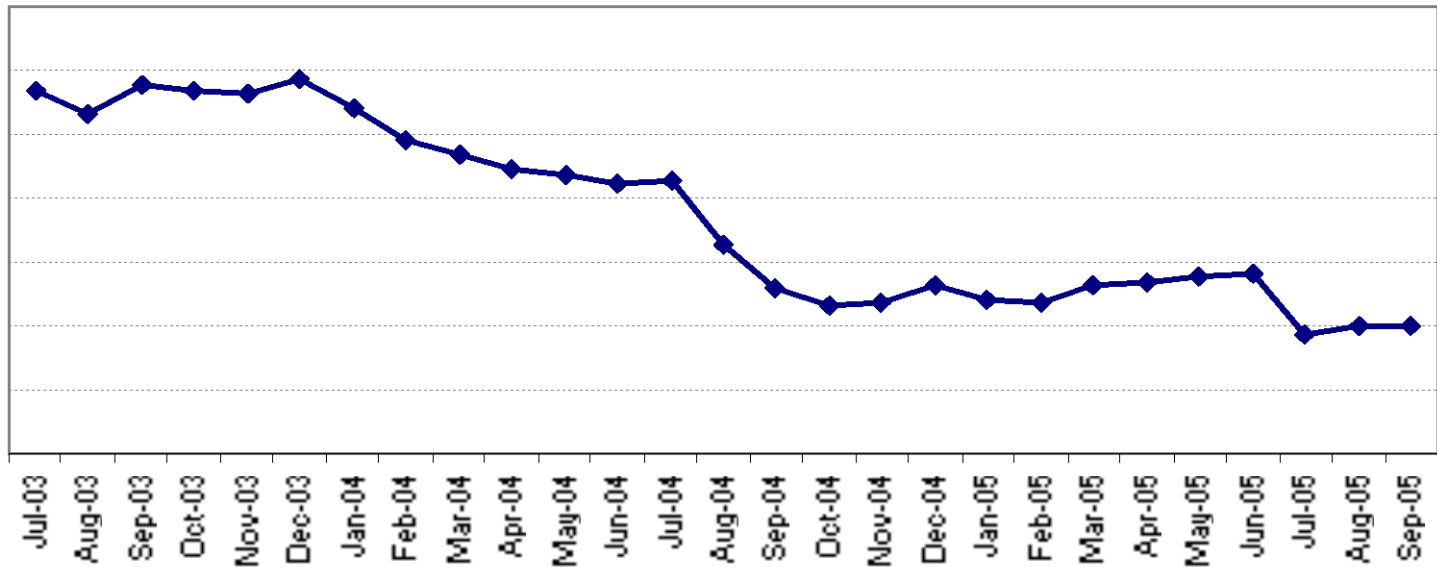


Monthly Runoff Factors % - Total View

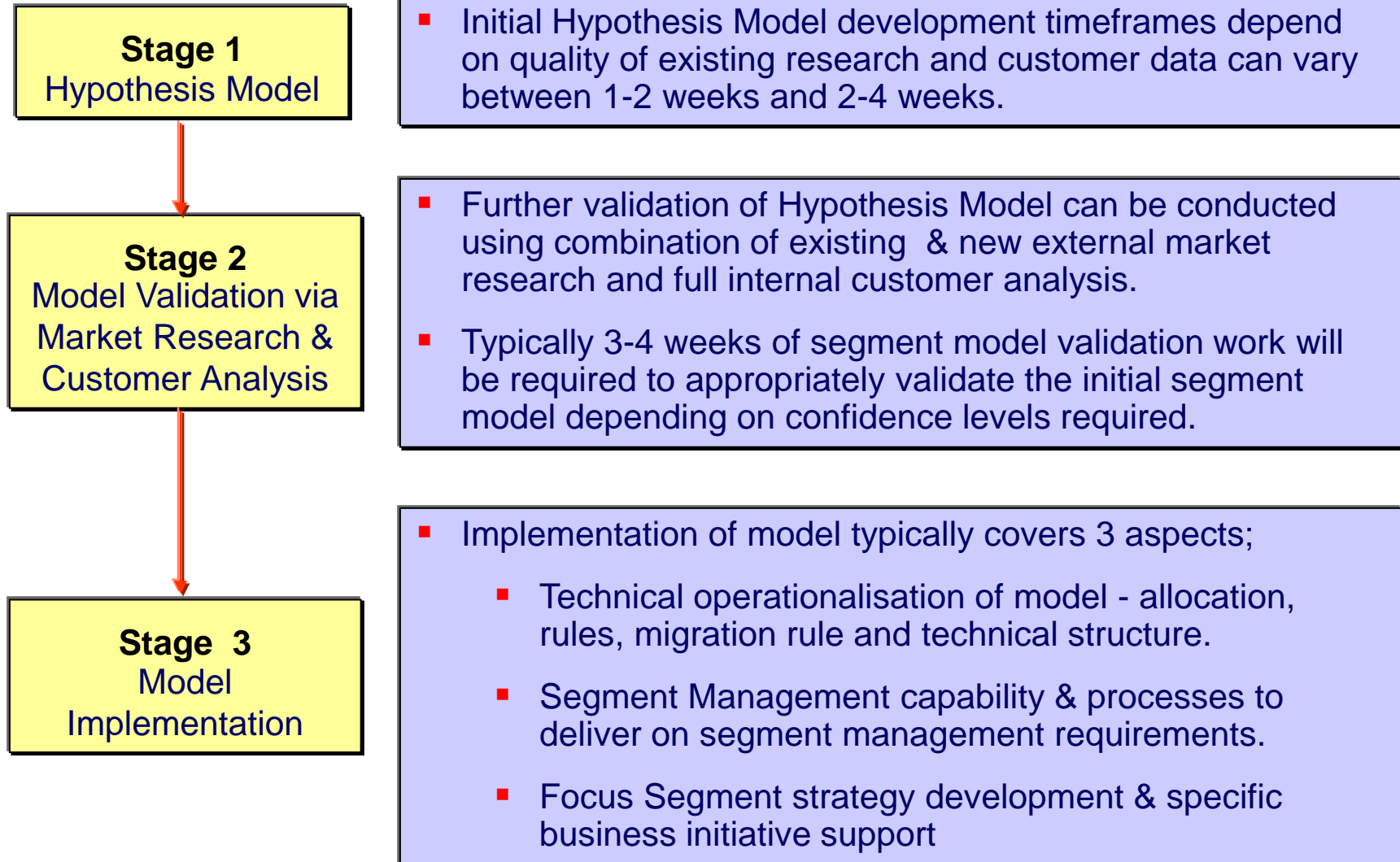


Rolling FYTD Runoff Rate % - Total View

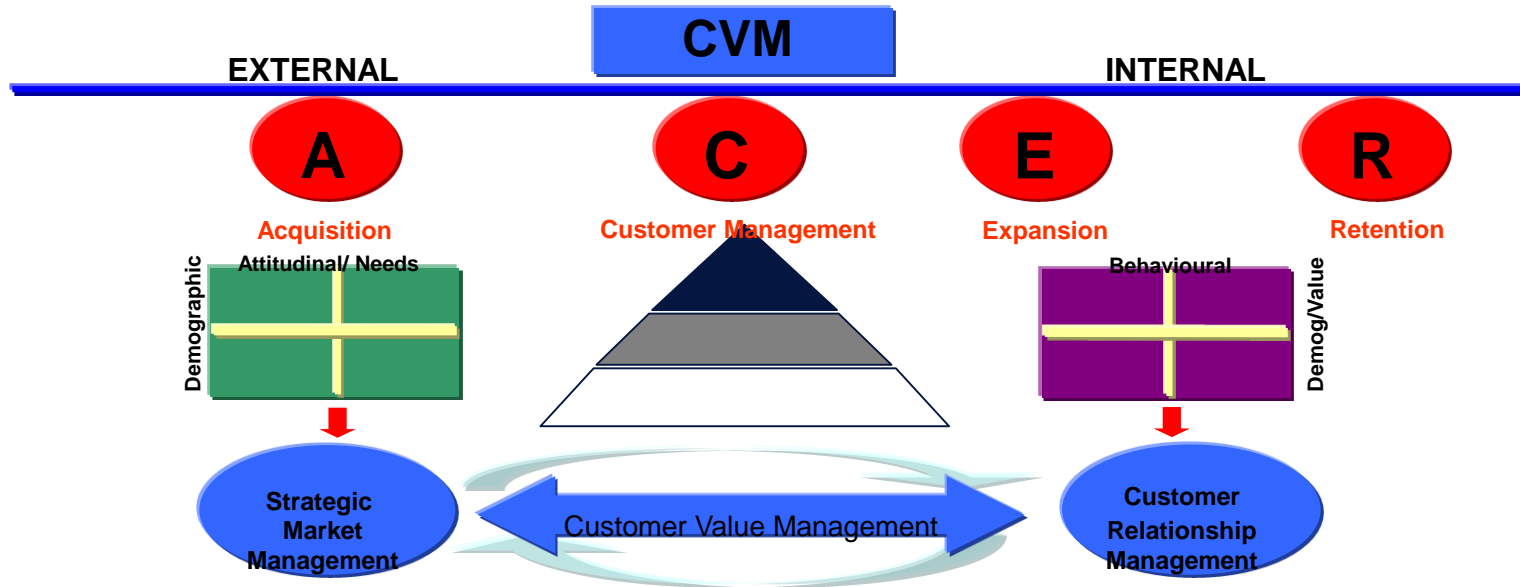
◆ Rolling YTD Runoff Rate



Implementation – Typically the implementation of Customer Value Management Model can be accomplished over 3 phases...



In Summary – An integrated approach to Segmentation & Customer Value Management will help effectively grow customer value



Our CVM Framework (ACER Model) provides us with a practical and logical framework to plan and implement effective Customer Value Management Programs to achieve the following objectives:

- To acquire the most profitable and highest growth customers
- To develop appropriate customer relationship models to manage customers profitably
- To expand share of wallet and increase profitability
- To retain most valuable customers ensuring sustainable profitability

Insights, Strategy, Solutions



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