

## SECTION ONE

# Strategic Market Planning

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## CHAPTER 1

# Segmentation

Segmentation is the most basic marketing strategy. Although all marketers segment to some degree (even if they aren't aware they are doing so), many financial companies, particularly on the institutional side, do not take full advantage of segmentation strategies to improve their marketing effectiveness. Most institutional sales executives work through personal industry contacts and industry gatherings, thus segmenting on a de facto basis by industry. For example, a bond salesperson will tend to know and interact with others in the bond industry. In fact, some institutional markets are so limited—to take a random example, defined-benefit pension plans with more than \$250 million in assets—that salespeople can list every potential client company by name.

Even within such narrow market segments, there is usually a benefit to segmenting further. A salesperson only has so much time and needs to prioritize. Circumstances change; threats and opportunities arise. Segmenting means answering questions such as these:

- Which organizations do business with your company?
- Can your clients be further divided into those that are in solid relationships and those that need to be cultivated?
- Can clients be analyzed by the types of products they currently buy and others that they may need?
- Can they be segmented by current or potential future profitability, allowing the sales force to spend more time with the 20 percent of clients that provide 80 percent of profitability?
- Which organizations do business with your competitors? Can these companies be further divided into those who are unlikely to change suppliers in the near future and those that may be looking for a change?

### **So Many Prospects, So Little Time**

A group within a large institutional brokerage invented a new type of institutional cash fund, similar to a money market fund, but offering some unique advantages. While it was successful among the sales force serving the middle market, the capital-markets sales force ignored it. The inventors decided to set up their own business to market the product. As there were only three principals, their time was limited. A marketing plan devised by an outside consultant recommended the following segmentation strategies:

- Limit potential clients geographically, so that the principals would not have to travel extensively (geographic segmentation).
- Concentrate on the middle market, because it had already shown its viability and because it could be reached through marketing tactics other than direct sales, such as online advertising, public relations, direct mail, and other means (demographic segmentation by size of business).
- Select larger institutions in a few key industries (such as local governments) to target for sales calls. The industries were selected based on ease of reach, potential profitability, and other factors (demographic segmentation by industry).

However, the group did not act on this advice and continued to sell on an ad hoc basis through personal contacts, referrals, and serendipity. As a result, the three were constantly chasing perceived opportunities, wasting a good deal of their time. Unfortunately, serendipity was not enough, and the business never met their expectations.

### **The End of Undifferentiated Markets**

On the consumer side, it is better understood that the market is no longer undifferentiated. Back in the 1950s, there was a mass market. There was one kind of Coke, and Coke sold it to everyone in the world in the same way. But those were also the days when television consisted of three networks and most people read mass-market magazines like *Life*.

Today, the *mass market* is made up of multiple niche segments that do not intersect. Girls ages 12 to 15 read different magazines, watch different television programs, go to different web sites, and join different Facebook groups than do older or younger girls. Television has splintered into hundreds of cable channels, devoted to specific demographic market segments (women, Hispanics) or niche interests (golf, Wall Street, cooking, fashion). Very few magazines reach a heterogeneous audience—today magazines are targeted to ever-narrower niches (black entrepreneurs, retirees in Florida).

Very few companies can afford to be everything to everyone any more. Even companies with mass-market products (like basic checking accounts) segment their

### Targeting for Referrals

A financial adviser of Indian origin sold an investment plan to a relative, who was an Indian physician. The adviser began getting business from colleagues of this relative, who were also Indian physicians. Because the segment was potentially highly profitable and there was little competition seeking its business, the adviser decided to target this group more systematically. He offered seminars on financial planning for physicians at local hospitals that had a high percentage of Indian doctors. He sought an invitation to speak at a national conference of Indian physicians. He offered to write a regular column on financial planning for physicians in a magazine targeted to Indians in the United States. The success of these efforts was not surprising, since most people seek referrals from those they trust. Because this market segment was small and easily reached, the adviser soon did not need to actively market at all, as referrals from current clients enabled his business to prosper.

markets so that they can focus their limited marketing dollars on the most profitable segments. Mass advertising today is often costly and its effectiveness needs to be carefully considered. One example where the cost benefit is often debated is purchasing airtime for the Super Bowl. For this mega event a 30-second spot recently cost \$3 million for airtime, plus the advertiser likely spent an additional million dollars in production costs. While E\*TRADE has generated much buzz from its Super Bowl “baby” advertising, only a small fraction of the reported 110 million viewers fall into the company’s target market. Most of the ad costs are probably not recouped directly by Super Bowl viewers signing up for accounts.

### Choosing Target Segments

Targeting is picking the actual market segments you want to go after. The benefits of targeting include the following:

- Targeting helps you identify the media that best reach your target segments. When you’ve identified a particular segment (for example, young professionals just starting out in practice), you can more easily determine the media that best reach these markets (for example, law or medical school alumni magazines and web sites).
- Targeting helps build referral business. People tend to affiliate with people who are similar in interests or demographics. They are also likely to refer businesses to their friends and follow each other’s purchasing patterns, whether through word of mouth, Tweeting, or other social networking.

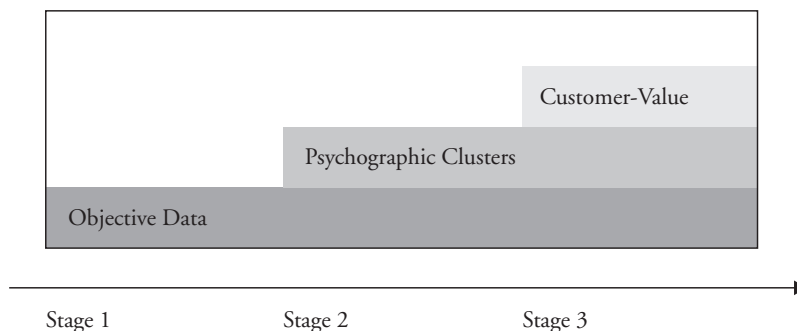
### **One Hundred Thousand Market Segments at Capital One**

How many segments are enough? As many as you need. One good reason to create ever-smaller cells is to test results of different variables on offers. Capital One, for example, went from being a small, relatively unknown institution into one of the world's largest—and most profitable—credit-card issuers in a few short years. The company is a pioneer in customer segmentation, using profitability analysis to determine which segments to target.

The company developed proprietary analytical tools to tailor its products to the appropriate customers and ensure that each customer is serviced efficiently—and profitably. Capital One used these models to determine which combination of product, price, and credit limit could be profitably offered to customers who could be segmented by a wide range of publicly available credit and demographic information.<sup>1</sup> Capital One ran more than 45,000 tests annually. From these test results, Capital One divided its market into one hundred thousand different segment or product combinations. Do the small differences in scores merit this much data handling? It has certainly paid off for Capital One. In 2011, Capital One was the fifth largest credit-card company in the world, in terms of credit issued, after Bank of America/MBNA, Chase, Citi, and American Express, with a 6.95 percent share of the U.S. market.

*Source:* What a Capital Idea, *Banking Technology*, July–August 2002, 44; and <http://seekingalpha.com/article/200673-world-s-top-10-credit-card-issuers> from *CreditCards.com* and *Neilson Report*, via *CNBC*.

- Targeting specific market segments increases the potential return of your marketing dollars. It might seem obvious that when you buy a mailing list, you should limit it to people who have the ability to buy your product. Yet, at least one bank, failing to cross-analyze its own customer list, sent a solicitation for renters' insurance to homeowners who had mortgages with the bank! Targeting should help avoid such waste and irritation to customers.
- Targeting helps you narrow the focus of your message, making it more likely that the prospect will respond. Although the average direct mail offer today gets less than a 2 percent response<sup>2</sup>, when the list, the offer, and the message are narrowly targeted, response can go up to 10 percent or more.
- Targeting enables organizations to build products designed for target segments and to avoid market segments where no appropriate products exist. An investment company that specializes in fixed-income funds is not going to have much to offer day traders looking for fast profits and shouldn't waste its money seeking them. However, if a target segment, such as retirees, is looking for a related product, like annuities, it may be sensible to investigate offering such products.

**FIGURE 1.1** Segmentation Stages

## Methods of Segmentation

There are many ways to segment a market. The most common method is demographic, because demographic information is easy to acquire. Product purchase behavior (what a customer has purchased in the past) is another objective type of segmentation based on information that also is readily available. Other types of segmentation require more sophisticated data collection and analysis. Marketers usually begin with objective segmentation methods and develop these more sophisticated methods over time, as shown in Figure 1.1.

### Objective Methods of Segmentation

#### *Demographic Segmentation*

Financial institutions targeting specific age groups are practicing demographic segmentation—the most basic kind of segmentation. Other examples of demographic segmentation include an effort by Wells Fargo to make its online services more accessible to the blind and visually impaired, a home mortgage–like product developed by HSBC that addressed religious law forbidding Muslims to pay or receive interest, and a sponsorship by several mutual funds (Calvert, Domini, TIAA-CREF) of a gay and lesbian conference.

The great advantage of demography as a segmentation variable is that it is based on observable, measurable characteristics. Demographic variables in the consumer market can include age, sex, race, religion, personal income, household income (HHI), marital status, number and ages of children, home ownership, education, professional status (type of job), language, ethnic group, physical disability, and sexual preference. In the business market, demography can include size of business (by number of employees, revenues, or other measures), type of industry, length of time in business,

## Age-Based Segmentation

Many financial marketers have long used age as a segmentation strategy because older individuals tend to have larger assets. In recent years, banks and brokerages have started looking at how to reach younger generations, since they are the financial customers of the future. The problem for financial institutions is that young people do not transact or respond to the same marketing tactics as their elders. More critically, they have different attitudes and behaviors toward financial services. A 2006 study by Forrester outlined some of the major generational differences as shown in Table 1.1. below.

**TABLE 1.1** Generational Differences in Attitudes toward Selecting a Financial Institution

More likely to:	Gen Y	Seniors
Consider price more important than brand name	•	
Prefer dealing with people		•
Rely on recommendations	•	

Source: Adapted from <http://www.forrester.com/Research/Document/0,7211,37382,00.html>

Seniors show the least interest in shopping around before making a purchase. They are the least likely to say that price is more important than brand name and are more comfortable dealing with people (instead of technology) when they shop or bank. Gen Y consumers are most likely to rely on recommendations when making a purchase. They also believe that price is more important than brand names.

ownership characteristics (public corporation, privately held), management structure (hierarchical or flat), and so forth.

### *Geographic Segmentation*

Geography is also a basic, measurable segmentation variable. Clearly, a company that does business only in certain geographic regions (such as a local bank) would limit its target market to potential customers in that region. Geographic segmentation also applies to creation of sales territories and efforts to expand nationally or internationally, as well as to pinpointing potential markets by type of neighborhood, urban versus rural locales, single or multiple locations for businesses, and the like.

### Geographic Segmentation for Flood Insurance

Demographic and geographic segmentation are useful because these characteristics are easy to act on. One particularly clever use of geographic data was an online promotion for State Farm insurance. It was targeted at visitors to Weather.com who live in regions of the United States that are usually warm but occasionally suffer cold spells. When weather forecasts for these regions predicted snow or freezing temperatures, a Flash ad from State Farm crossed their screen, with a warning about frozen pipes. A Flash image of a boy in a scuba suit and his dog, underwater, was the punch line.



State Farm targeted local weather.com visitors when freezing weather was forecast

### Life-Cycle Segmentation

Another common method of segmenting a market is based on the fact that customers' needs change as they enter different phases of the life cycle: For example, young married couples are likely to buy a home, growing businesses are likely to need a line of credit. Although identifying potential clients by life-cycle phase is strongly correlated with marketing success, the data points are often difficult to find. If you're looking for people who have just bought a home (say, to target for a home equity product or mortgage insurance), it's easy to find this information. If you're looking for people who are thinking about buying a home, the task is much more difficult.

### **Life-Cycle Event—The First Job**

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Welcoming consumers into the labor force (and getting a shot at their first independent income) is a goal of many marketers. Visa and MasterCard offered pre-paid cards (also known as “stored value” cards) for fast-food restaurants and others to pay their young employees. Since teenagers seldom have checking accounts, paychecks are inconvenient. Prepaid credit cards can be used like any other credit card. For the bank that issues the card, acquiring consumers at the beginning of their working life increases the likelihood that they will remain customers for other products later.

#### *Product Segmentation*

When General Motors’ Alfred Sloan called in 1924 for “a car for every purse and purpose,” he was segmenting his customers to match his cars—Chevrolets for the young and less affluent, Cadillacs for an older, wealthier crowd, other brands in between. Banks have also traditionally segmented their markets by product—credit card customers are in one silo, home equity loan customers in another, and certificate of deposit owners in a third. From this rudimentary information, customer relationship management (CRM) systems are built, yielding valuable data on account size, profitability by product, purchasing patterns, usage (debit versus credit), number of products, churn and retention rates by product, transaction method (phone, online, in branch), and other variables.

#### **Segmentation by Psychographic Clusters**

Demographic, geographic, and purchase variables are relatively easy to find and use, but they have limitations. Take, as an example, two 30-year-old men with similar incomes and education. Both are married and childless, but one has \$100,000 in investable assets, and the other has no savings. What variable explains this difference in behavior?

Attitudes and behaviors are much more difficult to observe and measure than demographics, but they can offer more insight into what customers actually buy and why. And by analyzing why customers have bought in the past, it is possible to project who would be most likely to buy in the future.

Knowing why customers buy is very helpful for creating targeted campaigns. For example, SouthTrust Bank’s home equity line of credit direct mail solicitation was segmented by the purpose of the loan: Home improvement, debt consolidation, and children’s education were the three leading categories. Knowing this made it easier to customize the messages for a direct mail campaign targeted to prospects in each of these segments.

### *Lifestyle Segmentation*

Lifestyle segmentation operates on the principle that “birds of a feather flock together.” Similarities of interests, attitudes, and activities are common among people who live in the same neighborhood—for example, suburban soccer moms often read the same magazines, shop in the same stores, and share political and social viewpoints with their neighbors. The tools that are used to group customers and prospects into attitude and behavioral segments include cross-tabulation analysis, data mining, predictive modeling, cluster analysis, and other statistical techniques. The resulting variables have many names, including psychographics, behavioral models, values-based analysis, and lifestyle analysis.

One common way of determining the lifestyle characteristics of one’s customers is to overlay one’s own database with a commercial “cluster analysis.” Cluster systems, such as Nielsen Claritas’ PRIZM and P\$YCLE, Experian’s MOSAIC, and ACORN in

#### **Applying Cluster Analysis**

Nielsen Claritas created a finance-specific lifestyle model. Called P\$YCLE, it differentiates 58 clusters by financial behavior and characteristics. A cluster is a zip code–based group with similar demographic and behavioral characteristics.

Consider two clusters, both aged 25 to 44. “Fiscal Rookies” are mostly childless college graduates with median household incomes of \$60,000. They have moderate levels of savings. While they own homes, these primarily white households carry debt from student and auto loans and first mortgages. They spend much of their income on active lifestyles, including skiing and racquetball. They tend to listen to rock music, read about fitness, and watch comedy shows.

Compare this group to “City Strivers,” who are urban, young renters. Their median household income is \$42,900 and they have very little saved. Diverse in both ethnicity and family type, most attended college and now work at a mix of white-collar and service jobs. They are paying off student, car, and personal loans. A majority have children, so most of their income goes to childrearing expenses. For leisure, they go to movies, roller skating, or dancing and buy family-friendly toys. Their interests are gaming and parenting, listening to rock, and watching reality TV shows.

Knowing which clusters your customers belong to, and which you would like more of, can determine what products are offered (home equity lines versus college savings accounts), which marketing channels to select (sponsorships of ski races versus baby shows), media placement (fitness web sites versus family web sites), and so forth.

Financial marketers can plug their own customers into these databases to help determine the characteristics of their target segments. Once these customers have been clustered, their common characteristics can be used to determine media, product, and message preferences.

*Source:* P\$YCLE Segmentation Sample Report, Nielsen Claritas, 2010. [www.claritas.com](http://www.claritas.com).

the United Kingdom, use census and other quantitative and qualitative data to divide countries into clusters, based on demographic and lifestyle similarities.

Business customers can also be segmented by psychographic criteria and buying behavior. For example, businesses can have different types of personalities: entrepreneurial, buttoned down, consensus driven. Decision-making styles can vary—in some businesses, decisions are made by one individual while in others they are made by committee. Purchasing decisions may be based on different personality factors: Some businesses seek name brands or added-value services, whereas others look for the cheapest solution. Some businesses are “innovators” or “early adopters,” that like to be on the cutting edge. Others are followers or “laggards” in their adoption of new technology. The sales force needs information about important behavioral factors such as length of sales cycle, relationship (preferred provider versus competitive bidder), and expectations for delivery, maintenance, training, and other services.

### *Customer-Value Segmentation*

When psychographic characteristics are combined with profitability data, organizations can develop deep knowledge of their customers. As customer relationship management systems have become capable of predicting and projecting, segmentation schemes have developed that can increase lifetime customer value—that is, both the length of a customer’s tenure and the long-term profitability of that customer. For more on retention and customer value, see Chapter 11.

As an example, a bank took all the various data points it had collected about its customer base and then appended behavioral and attitudinal data. This combination of data enabled the bank to view customers and prospects in terms of potential profitability.

Table 1.2 shows two of the identified groups: the Asset Managers, who may not be currently profitable but have the potential to become so if more assets can be captured, and the Secure Traditionalists, who are the cash cows of the bank.

The insights provided by these segmentation methods are useful in several ways: They can help a company target new prospects who resemble their current best

**TABLE 1.2** Lifestyle and Profitability Segments

	Attitudes	Behaviors	Characteristics
Asset managers	<ul style="list-style-type: none"> <li>• Astute financial manager</li> <li>• Tax concerns</li> <li>• Interest rate sensitive</li> </ul>	<ul style="list-style-type: none"> <li>• Frequent transactor</li> <li>• Uses electronic banking</li> <li>• Uses many banks and non-banks</li> </ul>	<ul style="list-style-type: none"> <li>• High income/assets</li> <li>• Younger than average customer</li> <li>• Young children</li> </ul>
Secure traditionalists	<ul style="list-style-type: none"> <li>• Most loyal</li> <li>• Seeks value, convenience recognition, and personal service</li> <li>• Low price sensitivity</li> </ul>	<ul style="list-style-type: none"> <li>• Average transactor</li> <li>• Moderate electronic usage</li> <li>• Saving for a purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate income/high assets</li> <li>• Slightly older than average customer</li> <li>• College-age children</li> <li>• Owns valuable home</li> </ul>

### Subsegmenting the Ultra Wealthy

Wealth managers, private banks, hedge funds, and others who serve the Ultra-High-Net-Worth (UHNW) market tend to clump all prospects into one group: investable assets above \$x. (\$x can range from \$1 million to \$25 million or more.) A very small number of households fall into this segment—about 840,000 American households had \$5 million or more in investable assets in 2008, according to Spectrem Group. So why bother further segmenting them? Surely, anyone with \$5 million or more to invest is worth going after?

Yes, but how do you reach them? What are their goals and behaviors? What are their attitudes toward money management? What messages resonate?

Studies that analyze sub-segments of the UHNW market offer guidance. For example, one analysis divides the market by source and duration of wealth, as shown in Table 1.3.

**TABLE 1.3** Stages of Wealth Evolution

Wealth maturation stage	Emergent (recent wealth)	Maturing (5 to 15 years' wealth)	Senior (inherited wealth)
Need for advice	High	Already have circle of advisors	Already have circle of advisors
Investment Products	Asset diversification	<ul style="list-style-type: none"> <li>• Alternative investments</li> <li>• Intergenerational wealth transfer</li> </ul>	<ul style="list-style-type: none"> <li>• Endowments and foundations</li> <li>• Charitable bequests</li> </ul>

Source: The Harrison Group, The Worth-Harrison Taylor Study of The Status of Wealth in America, © 2005. Cited in Andrea Trachtenberg and Evelyn Ehrlich, "America's new ultra-wealthy are not your father's multimillionaires." *Wealth Manager*, June, 2006.

customers. They can help cross-sell and up-sell current customers who are thought to have additional assets outside the institution. They can help retain current customers by predicting life-cycle or service issues that require intervention.

Behavioral segmentation can also help determine levels of service for current customers in order to maximize profitability. This must be done carefully, however. There have been a few public relations disasters when companies have too publicly announced that they were shifting unprofitable customers to cheaper methods of service, like ATMs or online access. Further, by making this information available to branch staff, there is the risk of inadvertently revealing potentially embarrassing information to customers. At the same time, if better service is to be offered to better customers, the customer-facing staff must be aware of which profitability "bucket" the customer falls into.

### Finding Your Target Segments

The science of marketing comprises fact-based research, sophisticated statistical methods, testing of hypotheses, and analyzing results. The art of marketing is based on experience, imagination, and creativity. Both art and science must go into choosing target segments.

Any financial firm that has been in business for any length of time has three potential markets: current customers, prospective customers, and former customers. This last group is often overlooked, yet can be a significant source of new business for certain products. For example, a customer who has purchased an equity loan product in the past is an excellent prospect for a future equity line.

For start-up firms or companies that are expanding their markets, the task is more difficult. Rather than analyzing current customer patterns, they need to develop profiles of potential segments based on the variables most appropriate to their situation. For each profiled segment, research must determine the following:

- Market potential: What is the total size of the segment in dollars or units?
- Sales potential: What market share percentage of this segment can you reasonably expect to develop (over one or more years)?
- Competition: Who are the market leaders? What strengths and vulnerabilities make this an attractive segment?
- Ease of reach: How will you reach this segment? Are there identifiable media that match key variables?
- Cost: How much will it cost to reach this market? Can you afford it?
- Other resources: Do you have products that appeal to this market segment? Sufficient marketing resources and expertise?
- Fit: Does this segment fit with your organization's objectives? Are there conflicts or synergies with other client segments? Are there changes in the environment that will make this segment more or less desirable in the future?

### Segmentation Checklist

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Use the checklist below to identify the important characteristics of your own markets—current and targeted for development.

- Demographic variables
- Financial variables (such as total investable assets, size of payroll)
- Geographic variables
- Life-cycle variables
- Product/service needs
- Attitudes toward product/service
- Buying behavior
- Behavioral variables
- Belong to (social/professional groups/networks)
- Media (specific reading/viewing/online habits)
- Responsive to (type of marketing approach)
- Market potential

## **Get Your Customers to Tell You How to Find More Customers**

Learn as much as you can about why your customers buy from you, how to get them to buy more, how to encourage them to refer others to your firm, and how to find more people like them. Here are some sample questions you might want to ask your best customers:

### **Needs Being Met**

- Why did you begin doing business with this firm?
- How did you hear about us?
- What was your initial impression?
- What is your impression now?
- What would you say are our greatest strengths compared with our competitors?

### **Needs Not Being Met**

- What are you dissatisfied with?
- Are there products or services that our competitors offer that we don't?
- Would you buy these services if we offered them? (How many? How often?)

### **Generating Referrals**

- Have you told colleagues and friends about our services? Why? Why not?
- Would you consider doing so in the future? Would you do so if you were given a discount on a future service?

### **Finding Similar Customers**

- Follow up on how they came to you in the first place. Were they referred? By whom? Why?
- Who else might be interested in this type of service? Try to get referrals to specific decision influencers (like accountants or lawyers) or specific organizations (trade and professional associations, alumni groups, social organizations, neighborhood groups).
- If the customer came as a result of a marketing campaign, get specific details about the media that made them aware of your offering. Particularly in the institutional arena, find out what web sites or trade media your customers read for professional development, which trade shows or conferences they attend, whether they receive direct mail or unsolicited e-mail, as well as any personal information that might be appropriate (for example, if they are avid fishermen or active in a particular charitable organization).

## **Identifying Current Market Segments**

Your best prospects will resemble your best customers. They usually buy for the same reasons and are reached through the same media and methods. Who are your most profitable customers? The old 80/20 rule still operates in most businesses: 80 percent of your revenues come from 20 percent of your customers.

What do your top 20 percent buy from you? How often? How long have they been customers? Look at last year's customer list. Are the same people still in your top 20 percent? If not, what happened? Why did some of them leave? Can you get them back if you address the issues that concern them? Are any of your other top customers likely to leave? Can you save them?

What characteristics do your top 20 percent have in common? Do they have similar demographics or other observable characteristics? Can you do a cluster analysis to find out where they live, what web sites they visit, or watch on TV? Are they in similar types of business? Do they belong to the same organizations? Do they have common relationships with lawyers, accountants, or other professionals?

How did they become customers in the first place? Was it through personal referrals, a mailing list, a web site, attendance at a trade show? This is critical information, and you should always enter this data when you first acquire a new customer. There are several ways to collect more detailed information about your customers:

- Surveys. Create a short questionnaire with key items of importance to your business (see box). If yours is a relationship business, you can call or e-mail your customers to ask if they are willing to participate. If you have a physical place of business, you can provide survey forms to waiting customers or have a staff member approach customers to fill out a survey.
- Informal Q&A sessions. You may want to talk informally to your top customers or arrange a breakfast meeting of five or six top customers for an informal focus group. Chances are they will be flattered to be asked. If you feel a need to provide an incentive, you can offer to make a donation to their favorite charity. You should also contact former customers to find out why they left.
- Industry gossip. Your sales force, suppliers, even your competitors can provide invaluable information about your markets. Go to sales conferences and trade shows. Even if you don't exhibit, you will pick up the latest inside information.
- Have a cluster-based overlay done on your customer database. If you have enough clients to make this worthwhile, you can get all kinds of interesting information about them, from what they do in their spare time to how much their homes are worth.

## Notes

1. "The Customer Profitability Conundrum: When to Love 'Em or Leave 'Em," Knowledge at Wharton (2002), <http://knowledge.wharton.upenn.edu/sandb/120402.html>
2. Response rates for letter-sized envelopes, for instance, had a response rate in 2010 of 3.42 percent for a house list and 1.38 percent for a prospect list. DMA 2010 Response Rate Trend Report. <http://www.the-dma.org/cgi/dispanouncements?article=1451>