

Making CRM succeed at both the business and technical level

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9 October 2003



Agenda

- Overview ANZ Banking Group
- Does CRM make a difference?
- CRM implementation & pitfalls
- ANZ's approach and success with CRM
- Summary



ANZ - who we are

- One of the 'Big Four' Australian banks
- Group operates in 27 countries, with principal markets in Australia (since 1835) and New Zealand (since 1840), and smaller operations in Asia, the Pacific, UK, Europe and US
- A unique portfolio of specialised businesses
- Group's business conducted through a network of more than 1000 points of representation
- Group offers a full range of financial products and services, including mortgages, credit cards, corporate & business lending, asset finance, and more sophisticated investment banking products

• Assets	A\$191b
• Market Cap	A\$27.5b
• Profit (1H 03)	A\$1,141m
• Staff	22,482
• Credit Ratings	AA-

ANZ Headquarters
100 Queen Street
Melbourne



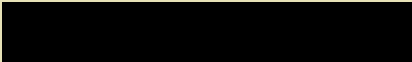





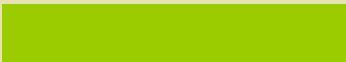

“Customer Relationship Management (CRM) systems evolved as a result of advanced information technology and large databases used to refine marketing and sales efforts”

Gary Coskins

2002, SAS Performance Management

Does CRM make a difference?

Research indicates that it is questionable whether CRM systems **alone** make a difference

	Products per customer [#]		Share of deposit wallet [#]		Ranking Bank CRM*
ANZ	 2.1		 39.6		✓
NAB	 2.2		 43.4		✓ ✓ ✓
CBA	 2.1		 42.7		✓
WBC	 2.2		 43.1		✓ ✓
SGB	 1.8		 35.9		✓ ✓

#Source: Roy Morgan, March 2003; Teresa Augusta (Group Marketing) - excludes credit card only customers

**Source: Credit Suisse First Boston: Retail banking essentials: Does CRM make a difference?*

Technically, CRM is a 6 step process

Collect

- Collect customer and any other relevant information

Analyse

- Use segmentation and response modelling to analyse data

Design & Develop

- Design and develop action/marketing campaigns (both reactive and proactive)

Test

- Test campaign design and implementation through analysis to optimise financial impact

Institutionalise

- Institutionalise campaign – manage integration and ensure ongoing marketing efforts

Feedback

- Feedback on campaign design, effectiveness and financial impact from business
- Feed back into the loop to ensure ongoing improvement

...the business perspective

CRM adds greatest value when it forms *part* of an **integrated sales and marketing architecture**

- Focus on marketing execution, **including CRM**



- Focus on sales techniques and support



**Increased
Sales
Revenue**

- Focus on a culture that encourages and rewards high performance

What can go wrong...

Collect

- Data from disparate systems not consolidated
- Data integrity concerns

Analyse

- Inadequate investment in resources to perform meaningful analysis

Design & Develop

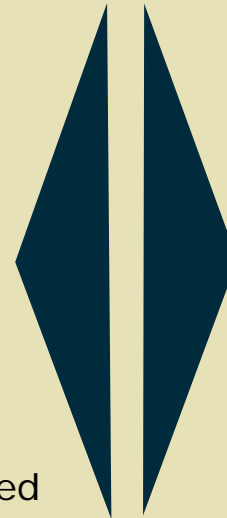
- Campaigns not clearly promoted throughout organisation
- Inappropriate allocation of resources

Test

- Inadequate testing performed

Institutionalise

- Mismatch between design & execution
- Inadequate resources invested in
 - Aligning incentives
 - Designing & implementing processes



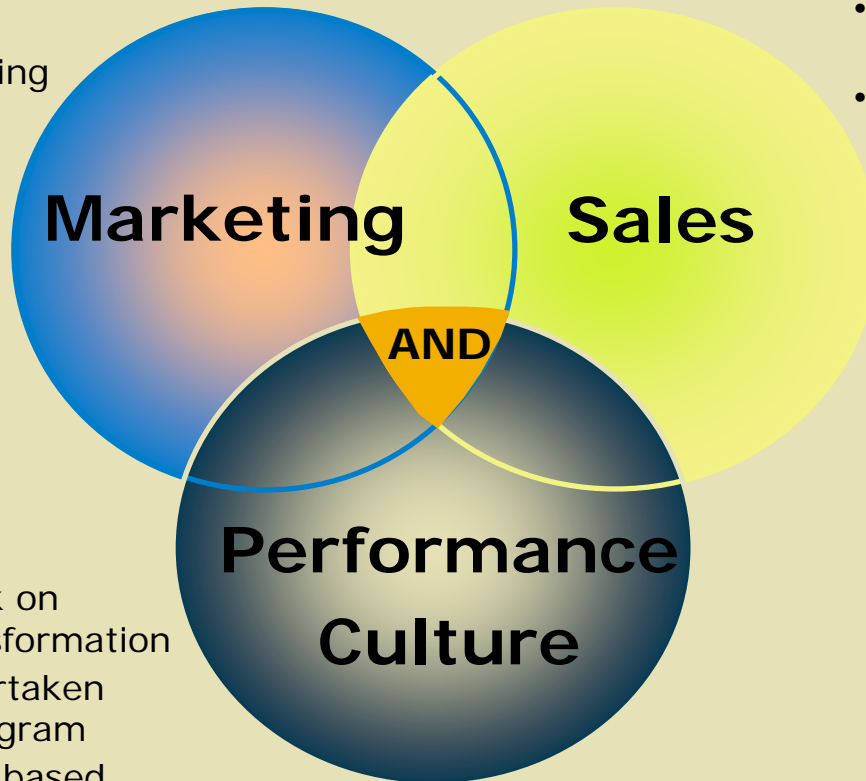
Feedback

- Feedback channels ineffective
- Accountability unclear

ANZ's approach

ANZ has sought to concurrently drive organisational change whilst embedding effective sales processes

- Local area marketing
- Product bundling
- Pre-approved offers
- Segmentation Model



- Extensive sales training
- Investment in sales tools i.e. intranet
- Local branch/customer focus

- Leading bank on cultural transformation
- 13,000 undertaken breakout program
- Performance based incentives

**Increased
Sales
Revenue**

We have developed tactical/prototyping initiatives to demonstrate success

Collect

- Data from disparate sources for specific initiatives
- Metrics to demonstrate data quality issues

Analyse

- Develop customer profiles
- Conduct mining and data analysis that drive tangible Business outcomes
- Relevant segmentation

Design & Develop

- Work collaboratively with Business Units to design campaigns
- Ensure initiatives address end to end processes

Test

- Adhoc dataset/environment to run pilot tests
- Test channel execution effectiveness
- Use test & control groups to maximise learning

Institutionalise

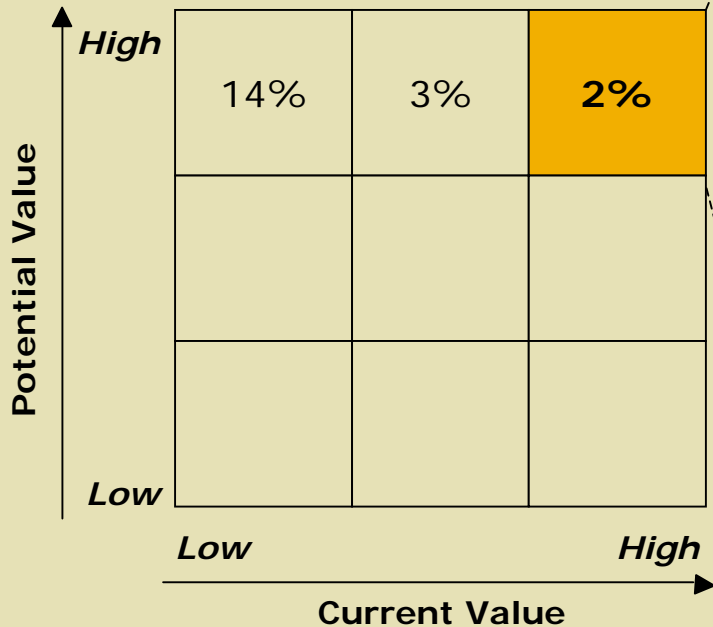
- Linkage to sales process
- Communication with stakeholders throughout development and deployment

Feedback

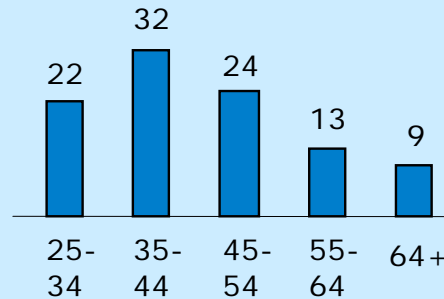
- Tracking feedback to capture results & learning's
- Financial modelling & extrapolation
- Evaluation of future options i.e extension to further businesses

We are using CRM to understand needs

Customer Profile at Branch Level*



Age Distribution (%)



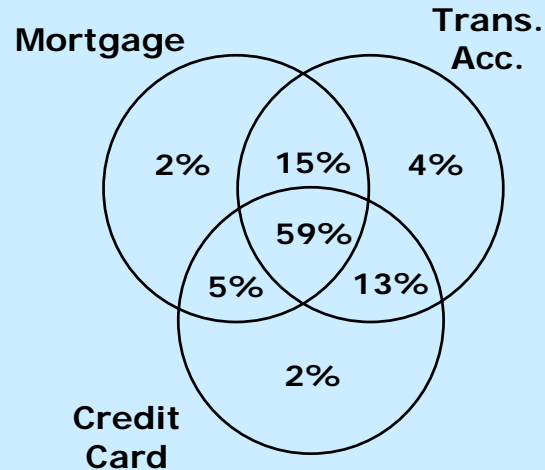
Net Income (\$)

min 48,120
max 296,628

FUM (\$)

min 75,546
max 1,171,362

Product Mix



of Products

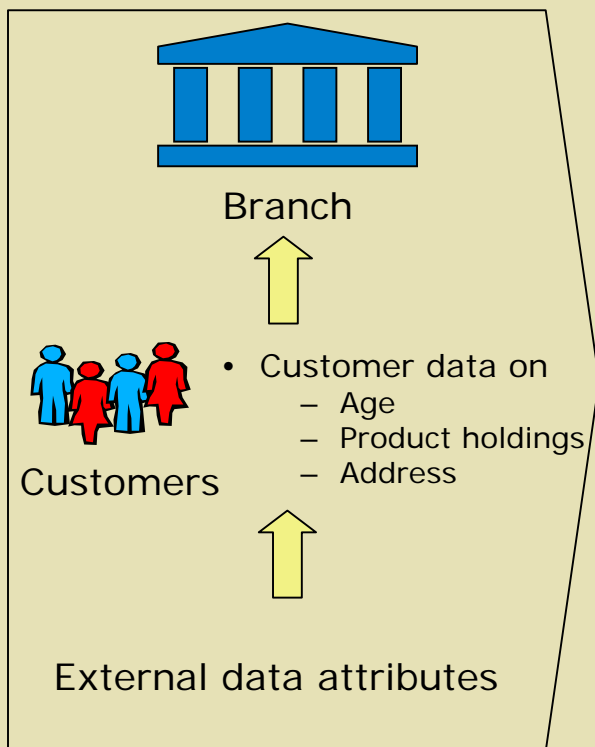
accounts 4.7
categories 2.9

* Data for one branch in Victoria

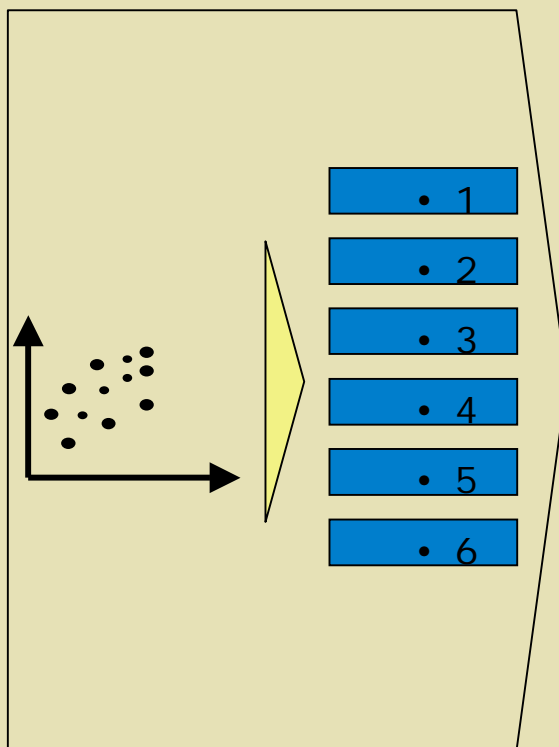
...and leveraging this information across businesses

- Through identifying branches with similar customer mixes and sharing this information

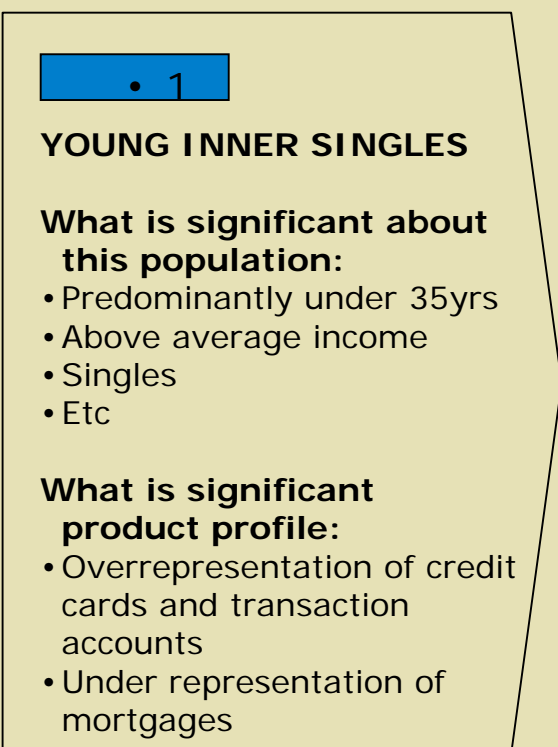
Compile data on customers attached to Branch



Multi-variable cluster analysis on branch demographics to create segments

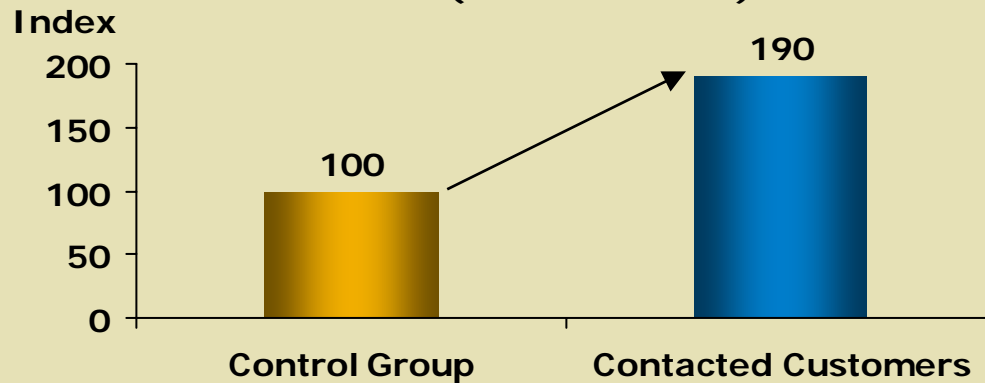


Attributes used to drive local sales and marketing initiatives



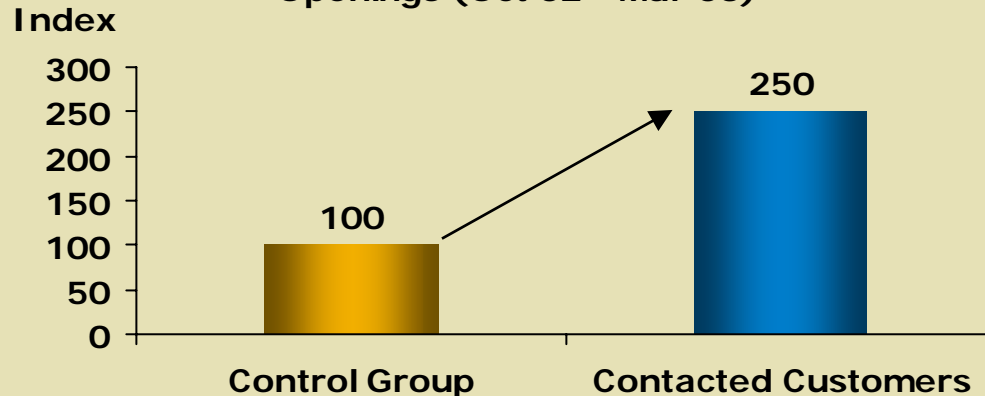
The results are encouraging

Outbound Customer Contact - Account Balances (Oct 02 - Mar 03)



- Customers contacted have greater FUM growth than those not contacted
- Customers contacted open more accounts than those not contacted

Outbound Customer Contact - New Account Openings (Oct 02 - Mar 03)



- Customers contacted open 2.5 more accounts than those not contacted

Summary

- CRM's success is questionable from a stand-alone perspective
- CRM is a useful sales & marketing tool when used as a *component* of an integrated program
- CRM has its pitfalls if not integrated successfully and monitored regularly
- ANZ has embedded CRM within its sales and marketing process
- ANZ has developed a performance culture that embraces the use of CRM within its sales and marketing initiatives
- The results are encouraging, however we are constantly striving to enrich our process

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