



How to Make your Customer Database your Best Friend

by Patrick Zuluaga, [PMZ Marketing](#)

Many businesses neglect this very valuable asset - your own in-house database. Why? Most think it is too time-consuming to keep updated or simply fail to realise the potential goldmine from using and maintaining their database.

You may have heard of the marketing phrase “**Content is King**”, however, you may not have heard that “**Database is Queen**”! Your database must be viewed as a valuable resource asset. It is a potent source for marketing intelligence and a powerful tool for building relevance while nurturing relationships.

To make the most from your database you must be able to answer these five questions:

1. What is your database objective?
2. What information is available?
3. How can the information be captured?
4. How can you use the information?
5. What is the best way to segment your database?

Now let us examine each of the above five points.

What is your Database Objective?

The majority of businesses when asked this question will respond that it must be used to generate sales revenue for the business. This is absolutely correct! In most 'Business to Consumer' (B2C) situations this can be very significant sales revenue generators for the business. There are other valid objectives, these could be as follows:

- Customer retention and building loyalty
- Nurturing prospects into customers
- Engaging and building an active referral network
- Data mining for market research and intelligence gathering and analysis
- and many others...

What information is Available?

Take an inventory of what information is available in your organisation for both prospects and customers. Looking back at your database objective/s determine what additional information will be needed. Consider how you can consolidate all the information from various sources into one online centralised database for your organisation. Keep in mind that depending on the length of time since the information was recorded that it may no longer be up-to-date and would likely have changed. Various statistics indicate that database information may churn at a rate from 20% to 35% per annum.

How can the Information be captured?

This is where an organisation must be smart and committed to implementing an organisation-wide process for collecting and updating the database information on an on-going basis. Database information must be captured at all contact points with your prospects and customers alike. These can occur in online situations like web contacts and emails or from traditional face-to-face contact, phone conversations, networking and postal



communications. The use of an online centralised Customer Relationship Management (CRM) system is highly recommended to ensure continuous availability for all users so that updating will be encouraged and enforced. Most comprehensive CRM systems will be able to capture various communications received and sent from contacts in the database.

How can you use the Information?

Your database can and must be used to identify market opportunities for your business. To do so you must segment your database to identify a target audience that you can develop as a potential market for your business. An intimate understanding of this target segment of your database will allow you to create a highly focused marketing message that will be relevant and resonate with the group of your selected prospective customers. To guide you in this effort consider the following five points in defining your database segments:

- Right size to be worth the effort
- Actionable information
- Make the segment specific
- Unique, identifiable & different
- Discernable link to the focus of your planned message

What is the Best Way to Segment your Database?

You can be as creative as you want with 'lateral' ([define](#)) thinking in the process. Be guided in how you can achieve better marketing results with a more competitive and compelling offer that your business can deliver for the target segment. In general, there are four commonly used methods to segmenting your database, these are:

1. **Financial:** Revenue generated from the customer transactions
2. **Demographic:** Describing customers in terms of their personal characteristics
3. **Geographic:** Describing customers in terms of their physical location
4. **Psychographic or Behavioural:** Describing customers in terms of their preferred activities and actions

Treat your database as your friend, love and nurture your database and it will pay you many times in return!

Every business no matter the size of the database must get a better return from the database and engage marketing programs to monetize the results from your efforts.

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I appreciate your feedback and would like to hear from you on how you are handling these marketing challenges, send your comments to patrick@pmzmarketing.com.au.

About the Author



Patrick Zuluaga has more than 20 years experience in marketing and business development roles with Australian and international companies. He is Director of PMZ Marketing, a consultancy focused on Small and Medium Enterprises to **help you succeed in business with better marketing results.**

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