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High Marketing Strike Rates Misleading

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The Asian Banker believes that high strike rates for marketing campaigns may blanket certain weak spots.

In a recent interview with The Asian Banker, Charles Lawoko, the National Australia Bank's head of CRM for financial services cautioned banks against being too awed by marketing campaign strike rates. "You get consultants who say that they have achieved strike rates of 80 percent. But strike rates on their own do not give you the full story."

Mr. Lawoko's warning may be relevant for banks across the region that have of late been harping about how their marketing campaigns have achieved high strike rates – the large numbers of new accounts over the total number of potential clients targeted by the campaign. One bank in Thailand for example is reporting strike rates of about 45 percent for its recent [credit cards](#) customer acquisition program. The Asian Banker estimates that a similar credit cards campaign by a Malaysian bank has yielded strike rates of 40 percent.

These impressive figures may have been brought about by feverish consumer interest. Given the low penetration rates of credit cards in markets such as Thailand and Malaysia these figures are justifiable, and even more impressive figures may yet be forthcoming.

These figures may however disguise weak spots. A high strike rate is less important than improvements in customer behaviour – and particularly for the credit cards business, an improvement in spending. Despite the 45 percent strike rate, the Thai bank's credit card spend is still substantially lower than those of [Kasikornbank](#) and [Citibank](#), which currently have the highest spend in the Thai market.

The care with which banks' reported strike rates have to be looked at is thus underscored by the way recently reported strike rates of credit card campaigns by banks are still not closely correlated with increases in card spending.

Chan Chang, senior vice president, CRM of Korea First Bank says that the bank goes beyond strike rates, making sure that customers "increase their spending, tracking up to three months after the campaign is over." Perhaps underscoring Korean banks' guardedness with regard to credit card delinquencies, Chang stresses, "I also look at five or six things about their delinquency. Because I run out and approach these (customers), I don't want them to go delinquent."

On a more practical level, a high strike rate may reveal less efficient use of marketing resources. For a good marketing program, a bank needs to target as many people as possible --- which in the end

lowers the strike rate. NAB's Lawoko emphasises, "The cost of initiating the marketing program is high. In the end, you go to market with numbers higher than you would want to."

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