The Application of Database Marketing in Commercial Bank’s Operation and Management—Evidence from A Bank’s Consumer Banking Group

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ABSTRACT

To begin with, controls on banks’ operation have been loosened and some bans have been lifted since 1988. This causes banks’ dwindling profit due to fierce competition in the market. Additionally, non-traditional service and direct finance gradually replace banks’ traditional service and its role. And, many companies other than banks strive to gain a share of banking business. All of this influence banks’ survival and profit niche. With a view to acquire competitive strength and bring in expected operational performance, banks cannot only rely on mass marketing popular in the past, but must provide tailored products and services for the target customers. Consequently, database marketing and its effective application become vital.

Through the literature review and interviews with managers with practical experience, this study probes into issues relating to database marketing. This study finds that there are keys to a successful execution of database marketing. First, CEOs must form a corporate culture focusing continuous innovation and R&D. Also, CEOs must show support for investment on everything needed in the establishment of an interactive network linking customers and enterprises. Next, economic effect plays an important in the application of marketing skills. Database marketing must be closely associated with how big a company’s database is and how often marketing personnel contacts customers. The last is the most important asset for banks—maintaining customers’ high satisfaction level and their life-long value. The effects of database marketing shouldn’t be overestimated. The combination of a professional database and a customers’ center with functions of cross-selling and after-sale service will surely create a long-term and steady revenue.


INTRODUCTION

Cutthroat competition between banks causes customers to feel bored by diverse compelling marketing. Although banks spend a huge sum on advertisement and marketing, no expected effect is gained and it is a waste of money. In the mass marketing, half of his money spent on advertisements and commercials is in vain. However, the problem is: which half? It will increase clients’ purchase will and satisfaction if we can use database wisely and provide consumers the right product at the right location and at the right time. Also, unnecessary cost of advertisements will be reduced. Past studies of database often focused on either credit card users because of their large number, or comparing many banks’ banking business which combines personal finance and corporate finance. Even though few banks try to capitalize on database in order to understand customers’ needs, the quality of these databases is so poor that customers are provided different products simultaneously via different channels. This approach often confuses consumers. Thus this research intends to propose some suggestions for financial holding companies in this new era.

Based on issues related to database marketing, this research tries to produce a research framework which can further be used as the foundation of interviews for case study. This research wants to know what factors financial industry might take into account when they gather information, choose and maintain the hardware and software of database, analyze data, carry out marketing plans and provide after-sales service. After summarizing the results, it is hoped that solutions to these following questions can be found:

1. How does database marketing change banks? For example, do managers support this idea? Are there products developed and tailored for customers?
2. What is the key to successful database marketing for banks? (e.g. compatibility of corporate culture, accuracy of database, completeness of data, etc.)
3. What is effect of using database marketing on elevated consumer satisfaction? (e.g. customer loyalty, customer penetration rate, professional level of employees, etc.)

THEORETICAL ISSUES

Banks’ operational environment

With the economy’s liberalization and internationalization as well as the information technology’s development, dramatic changes occur on banks. On the one hand, liberalization makes the government revise the bank law many times, lift the ban on commercial banks, allow domestic banks to increase their number of branches, and ratify the conversion of trust companies and credit cooperatives into commercial banks. Within a few years, the ballooning number of domestic banks and their branches leads to the cutthroat competition between banks. On the other hand, internationalization results in the rising number of foreign banks, the variety of banking services, and the new sites for branches. This poses a big threat to local banks. How to effectively enhance the competitiveness of banks has become an important issue for domestic banks now.

1. Introduction of CRM

Customer Relationship Management (CRM) was first seen in the United States, where contact management appeared in the early 1980s to gather information about links between customers and companies. It turns into customer service including phone service centers and backup information analysis in the early 1990s, and further into CRM in this era of e-commerce. Swiff (2000) thought CRM combining computer software and hardware can play a greater role: using information technology further to incorporate planning, marketing, and customer service. In other words, tailored customer service is born with an attempt to increase the customer loyalty and corporate gains. Consequently, CRM becomes one part of corporate management.

2. Focus on Customer Satisfaction

Striving to find target market in this competitive world, banks will naturally adjust their operational strategies. One thing is common among the latest financial concepts and operational trends- the focus on factors other than price. Service quality, above all, is vital. What is the best service? Do services meet the needs of customers? These are what banks should take into consideration when they want to create competitive advantages and refine their roles. Babin and Griffin (1998) observed that the importance of customer satisfaction has been recognized in the academic and business world since 1980s. So customer satisfaction and other relevant variables are strongly accented in relationship marketing.

3. Wide Usage of E-commerce Technology

Entering the threshold of the 21st century, enterprises worldwide are facing unforeseen challenges. The outer environment is growing more and more complex. New products are rolled out extremely fast. Revolutions also happen on consumer behaviors and marketing channels. All these phenomena are brought out by the Internet and blooming e-commerce. Traditional banks must learn to utilize new technology and come up with new methods of marketing in order to deal with diverse needs of customers.

Introduction and application of database marketing

Database marketing as an interactive way of handling marketing and communication with a view to directly contacting chosen customers. Letters, phone calls and marketing personnel are used to reach the target customers and stimulate their needs. In addition, the mutual communication and business feedbacks are recorded and stored in databases, so keeping in touch with the target customers aids in future expansion of the customer base. Roberts (1992) deemed database marketing an application of statistic analysis and technology. Individuals’ data is computerized and utilized to support the development of cost-effective plans. These plans pick out identifiable target customers and potential customers who are then directly contacted and tracked in order to evaluate the performance of certain marketing campaigns.

Database marketing, of course, has its potential drawbacks. Cespedes and Smith (1993) quoted the data that the
percentage of Americans who worried about their personal privacy had risen from 64% in 1978 to 78% in 1992. This explains the biggest problem of database marketing-information privacy. Kotler (1997) advanced that problems bred by database marketing associated with information privacy. Marketing personnel might know much about consumers. It’s possible for them to use the information and gain unfair profit from the consumers. Hughes (1990) even argued that the major difficulty of operating database marketing lay in how to sketch out an efficient and profitable marketing strategy. If companies overly concentrate on investment of hardware and software, and forget to make marketing strategies, the focus is wrongly stressed. Because corporations own a lot of information about customers, privacy might be invaded sometimes. This is what firms should take special take of, when they want to carry out database marketing. Another important issue is to avoid continually emphasizing the investment of hardware and software. After all, the aim of database marketing is to generate effective and efficient marketing strategies.

RESEARCH METHODOLOGY

By the method of case study, this research probes into not only what influences banks’ implementing and managing database marketing, but also how the studied company improves its competitive advantages through database marketing. According to the literature review, the research first develops strategic aims needed when corporations want to accept database marketing. Next, critical success factors of conducting database marketing are discovered. Appropriate action plans are thus decided so that banks can gain their competitive advantages.

1. Case study

There are many studies about database marketing, and the majority of them probe into concepts, essence, development trend, and basic elements of a successful database marketing. Few articles concern with details about the application of database marketing to different businesses. The number of research plans is especially low in banks, which are commonly believed to be conservative. Thus it is worth finding out what is the impact on those banks implementing database marketing.

Interviews are done with managers in charge of database marketing in the studied bank. Pertinent data is collected during the process. The focus is on what influences customers’ satisfaction and what role an organization plays. Finally, the gathered data and past literature are compared in order to know which step can be improved, and to advance some feasible suggestions.

2. The studied company

According to register areas, current business banks are divided into local and foreign ones. Due to limitation of regulations, the latter group has few commodities for customers to choose. The former copying the operational mode of department stores has a complete line of financial commodities, so this research only focuses on local business banks. The application of database marketing to banks was first introduced by foreign banks. New banks set up after 1990 follow this suit. Maybe because old banks have long been protected by the government and their corporate culture is deeply bound with traditional rules, database marketing is a rare scene. Under this condition, requirements of the studied bank are:

1. This bank must be a commercial bank, and it has experience in database marketing.
2. This bank is eagerly embracing all kinds of measures to develop and promote database marketing.
3. This bank must have branches all over the Taiwan.

As a result, bank C stands out. Among local banks, bank C is quite successful in e-revolution. It has started to re-innovate its company since 1995. Also, bank C is widely recognized by its financial business. Competitive advantage follows the introduction of innovative technology, like innovation of financial service, emphasis on service quality, devotion to database, and an aggressive attitude to mergers and opening of new branches. Other banks can not compete with bank C’s commitment to customers’ service. Consequently, bank C is the target of case study.

3. Data collection

Data contains professional periodicals, experts’ publications, statistics from the government, real working experience of the researchers, and interviews with managers in charge of marketing in the chosen bank. A structural questionnaire is formed from literature review, and is used to aid interviews with professional experts. From mid-May to the end of October in 2004, telephone calls were first made to ensure if the respondents were willing to spend 40-60 minutes to be
interviewed. Additionally, the contents of the interview were sent to the respondents by e-mail or by fax before meeting. On the same day of the interview, interviewees were notified again. Thus only short interruptions happened on some of the interviews. Interviewees were quite involved in the interviews, and some people even used their personal experience as examples. The whole process was recorded to help further data analysis.

4. Data Analysis
   (1) Basic information of interviewees
       Interviewees are divided into managers in charge of planning and those in charge of sale management. The former group contains 2 from business department, 2 from credit card department, and 2 from consumer finance department. The latter group includes 2 people dealing with market survey, product R&D, and customer analysis, and 4 people dealing with all branches’ sale backup plans, such as design of salary rewarding, methods to encourage competition, and business figures.

   (2) Validity
       Based on Content Validity Index (CVI), the validity of this research is established, and the questionnaire is used as the basis for propositions. All experts think the whole CVI number should be calculated according to the percentage of items judged appropriate by all experts. Lawshe (1975) suggested that every item’s CVI value should be calculated according to the percentage of experts who think this item appropriate. All the items are classified as “very important”, “important”, and “unimportant”. Those getting “very important” and “important” score one point. Items whose sentences need to be changed are thought to possess important content. Though some little mistakes are seen, these items can still get one point. Those marketing “unimportant” score zero. The result shows that CVI value is equal to 0.9, larger than 0.75, so this interview can be said as one vital indicator.

5. Research Coverage
   Since database marketing tries to sell products to a certain group of customers, this group must be able to be evaluated, controlled, and big enough to gain profit. Moreover, database marketing generates a specific list, analyze consumers’ behavior, and propose tailored products which will meet clients’ needs. As a result, only consumer banking in commercial banks is being compared. Corporate banking is not included here. The adoption of database marketing in domestic commercial banks is unpopular, or budding—to be more precise. Literature relating to development of database marketing in domestic banks is hard to find. This refines the content of interviews with respondents.

PROPOSITION AND DISCUSSION

Research propositions
   According to discussion on theoretical structure, interviews with managers in the studied bank, and data analysis, research hypotheses relating database marketing are developed. Based on the ability to carry out database marketing, organizational traits, customers’ satisfaction, etc., hypotheses are stated below.

Proposition 1: The ability to carry out database marketing helps firms own a better competitive advantage in marketing.

Proposition 1-1: It’s easier for a firm to accept strategies of database marketing when its corporate culture and database marketing have more in common.

Robbins (2001) believed that corporate culture integrated ordinary functions inside an organization. Strong corporate culture is value to be shared so that everyone in the company is ensured to follow the same path (Martins, Martins and Terblanche, 2003). The clash of strategies with corporate culture lowers the odds of success. Employees’ rejection of changes often results in slow pace and destruction. Therefore, the peer pressure and the compatibility of corporate cultures must be considered when strategies are being evaluated and chosen.

During the process of interviews, the manager of marketing planning mentioned that the strong learning culture of bank C is the key to the successful introduction of database marketing. For the purpose of analyzing clients’ data correctly, the director of personal finance asks all departments in the company to write down yearly action plans of using database. Everyone needs to take courses of data mining, and only analysis from people with professional
Proposition 1-2: The more accurate the database, the higher the ability to carry out database marketing.

Cespedes and Smith (1993) deemed database marketing as an application of consumers’ information to improve the usage of customers’ marketing resources, to distribute more useful information, and to maintain a good long-term relationship with customers. Due to a large number of clients and trade deals, the database of customers is quite big. Immediate information input and output can really update the information, let people control and manage the data easily, and can avoid loss of business opportunities.

In the past, recall rate of direct marketing was always low. It was found that wrong addresses and telephone numbers were to blame. So bank C marks these customers with “incorrect data” on the list. When customers come to the bank in person or make phone calls to the bank, the computer system will remind bank clerks to update customers’ data, and to really understand clients’ problems and needs. By this measure, every client averagely owns 3.5 items of bank C’s products. In other words, clients have a higher purchase rate in this bank. Furthermore, this system is used to send letters to clients who haven’t contacted the bank by phone, and the recall rate of direct marketing shows a two-fold growth.

Proposition 1-3: The more complete the data warehouse, the higher the ability to carry out database marketing.

Otherwise, an incomplete data warehouse prevents database marketing from real functioning.

Shani and Chalasani (1992) claimed that database marketing was essential in carrying out relationship marketing, but database marketing wasn’t equal to relationship marketing. Database marketing focuses on efficiently contacting the target customers, so data collection and data analysis decide the effect of database marketing. Whether a complete database warehouse exists or not influences normal data collection, data integration, data processing, and data analysis. Only when corporations control customers’ information can data mining be efficiently initiated.

Since it’s easy for bank C to gain a lot of customers’ data because of its large customer base, the database has been existent for a long time. After the data warehouse is established, not only the number of customers is rocketing, but also provision of services can be automatically conducted. Although customers’ consumption behavior and preferences are recorded, it turns out that every division owns its database. This is annoying to customers because customers might receive a great deal of information from different divisions of the same bank. Consequently, bank C integrates the data again, and a gatekeeper is installed to control information which will be sent to customers. Moreover, customers are guaranteed to receive only one kind of information at one time in order to avoid confusion and disturbance.

Proposition 2: Corporations’ organizational traits affect development strategies of using database marketing.

Proposition 2-1: The more support and commitment from CEOs, the better control over resources, and the smoother the process of embracing database marketing.

When database marketing was first introduced to bank C, acceptance and support from CEOs reduced the obstacles. First, the corporate process was revolutionized by the e-trend in 1995, so most information inside the corporate was already computerized. Second, the emphasis on innovative technology results in a good basis for information, and employees’ high acceptance of information systems. Thus rejection rarely happens, so it takes a shorter time to embrace database marketing.

During the process of computerization, clashes between new and old systems occurred in Bank C. The original method of using code to represent customers is no longer in use, and it takes time for employees to get familiar with the new system. To curb the backlash, the new manager decided that a competition could lure clerks into learning the new system. As a result, the staff of the customer service could show somewhat proficiency a month later after the implementation of the new system. Two and three more months later, the efficiency was obviously elevated.

Proposition 2-2: The more tailored products and services an organization can provide, the more effectively
developed the database marketing will be.

Thompson and Strickland (1998) said that the critical success factors (CSF) of an industry were related to products’ attributes, asset, market acquisition, and must be closely concerned with the company’s profitability. As a result, CSFs are stepping-stones to better competitiveness.

Bank C is an average commercial bank whose products and services, including personal banking, corporate banking, and trust business, are similar to others banks’. The corporate motto “We make it different!” leads to continual innovation, and a difference between bank C and other banks is hence born. Yes, the products and services are the same as other banks’. With the care for customers and good services, however, bank C has a better understanding and higher satisfaction level of customers.

During the past years, bank C has been devoted to improvement of all products and services. Therefore, many impressive records are set, as shown in the following Table 1.

Table 1: Innovative Services of Bank C

<table>
<thead>
<tr>
<th>When</th>
<th>Service of Consumer Banking</th>
<th>Customers’ Needs</th>
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<tbody>
<tr>
<td>1974</td>
<td>First introduced credit cards to Taiwan, and ushered in the era of plastic money.</td>
<td>Prevent risks of carrying cash, and change customers’ old habit of payment after purchase.</td>
</tr>
<tr>
<td>1994</td>
<td>The first automated bank was launched in Taiwan.</td>
<td>Provide customers a service 24 hours a day, and 365 days a year.</td>
</tr>
<tr>
<td>2000</td>
<td>The first bank to open until 7:00 PM. No-frill branches were established.</td>
<td>1. Ordinary people can go to banks after work. 2. More customers in Taiwan can be served.</td>
</tr>
<tr>
<td>2001</td>
<td>Holiday banks were invented.</td>
<td>Busy customers can go to banks when they are on holiday.</td>
</tr>
<tr>
<td>2002</td>
<td>Adjustable rate mortgage (based on index) is first seen in bank C</td>
<td>Give customers a transparent and reasonable mortgage rate, and other banks soon followed.</td>
</tr>
<tr>
<td>2004</td>
<td>Machines can handle loans for you in 30 minutes.</td>
<td>Offer customers a DIY loan service.</td>
</tr>
</tbody>
</table>

Source: this research

**Proposition 2-3: The higher the e-level of the organization, the more control database marketing has.**

Due to the progress in communication technology and the Internet, bank C brought in the concept of phone bank, mobile bank and e-bank. With the help of strategic alliance, bank C aggressively gets involved in e-commerce. In addition, bank C helps corporations to deal with B2B account payable and account receivable, and bank C installs a platform for on-line payment. Firms can thus more efficiently manage their capital.

Online banking service is to provide customers all kinds of financial services through the Internet. By a computer with basic equipment and access to the Internet, customers can login the website of the e-bank at any time, and enjoy various services, such as checking account balance, paying for credit card debt, transferring money, etc. Or customers can consult account data; ask for more information about personal financial management; apply for mortgage, fund, credit card, and insurance, etc. Data of bank C’s customers is gathered and keyed-in into a marketing database in order to form the basis for DMs and future visits on prospective customers. Consumers’ behavior is analyzed and promotion packages are thus designed to raise the effectiveness of marketing. It is a pity that customers buying different products are not analyzed together, and cross-selling isn’t very good due to different evaluation standards in different departments.

**Proposition 3: The higher the customer satisfaction, the more powerful a database marketing.**

**Proposition 3-1: Through the implementation of database marketing, firms can quickly recognize loyal customers, and provide them more services. The outcome is a higher degree of customer satisfaction.**

Hughes (1990) mentioned that customer loyalty decided whether a person would continue to be company’s customer. Since the cost of finding a new customer is higher than that of keeping an old one, and loyalty can’t be bought, it can be said that the maintenance rate of customers is an important indicator of corporate success. The higher the customer loyalty, the higher the maintenance rate of customers. Using CRM to establish a model or classify
customers according to their contribution, companies can locate the best customers; build a good and long-term relationship between companies and customers; and develop a predictive model to let marketing personnel carry out multi-dimension market analysis, design marketing activities for special customers, make marketing expense more cost-effective and increase profit. With plenty of information, marketing personnel can design plans really meeting the needs of the market. In the past, lack of information often ended up a waste of money and effort. Now the marketing cost can be greatly brought down. Moreover, having a clear target market is equal to rocketing sale figures. More profits follow the elevation of sales as well as the reduction of operational and marketing cost.

With the system of data warehouse, credit card holders and personal banking customers of bank C are classified into 5 groups. Customer Profit Model (CPM) is used to evaluate every customer’s contribution. So banks can dedicate their resources to the most profitable customers. For example, Group 4 and Group 5 represent customers with little contribution to profit, while Group 1 and Group 2, including customers who use revolving credit more, bring more money for banks. Bank C can thus take good care of customers’ financial needs.

Talking about fortune management, customers of bank C are also divided into three: VIP (asset worth more than 3 million), VIB (asset worth between 3 million and 500 thousand) and MASS (asset worth less than 500 thousand). VIP customers have not only specially designated consultants and secret personal trading rooms, but also discount on all products. Endeavors finally pay off for bank C. The sale of structure note and structure deposit topped NT$49.7 billion in 2004, or a 42% growth compared to 2003. Purchase for fund (foreign fund, local stock fund, bond, etc.) even numbered NT$96.4 billion. Money received from customers and then passed on to life insurance companies totaled NT$26.5 billion, up 47% over 2003. The amount of money people buy insurance through bank C was the number six among all distribution channels, but the number one among all banks. In addition, thoughtful service of fortune management also wins customers’ heart. According to the survey bank C asked ORC market survey company to carry out in 2004, financial service of bank C was the first choice in customers’ mind. That’s why bank C has a double digit growth in its number of VIP customers, and has a high level of customer satisfaction.

**Proposition 3-2: Using pertinent information, enterprises can more correctly locate the target for sales. Current customers can thus be kept and understood well in order to enhance their satisfaction level.**

Traditionally, scholars consider customers’ value as a proportion of perceived gains to paid price. Recently academics think that customers’ lifelong value is how much a customer can be satisfied emotionally (Chye, 2002). Technology based on the Internet can be employed to discover the best customers with whom a long-term and profitable relationship will be built. Knowing when is the last time a customer buys something, how often he goes shopping, and how much he spends (Recency, Frequency, and Money) can form the basis for marketing strategies in order to increase the sale amount of current customers. In other words, the calculation of customers’ lifelong value is the center of marketing strategies. After analyzing customers’ data inside the database, target customers are chosen, contacted, and given promotion activities with a view to stimulate their needs. These promotion activities are mainly direct and interactive communications. For example, customers are visited so that a close relationship can be maintained.

Capitalizing on data warehouse and teamwork, bank C analyzes all data, pick out target customers, and conduct certain marketing projects. For example, it is revealed that customers borrowing cash in advance show a need in cash card. Thus some marketing plans are designed. Phone calls are utilized to promote this idea to target customers. This approach not only is cost-effective, but also lets customers feel the convenience of loans. Bombing customers with DMs is actually a waste of resources.

**Proposition 3-3: Elevation of employees’ professional knowledge with a view to provide more appropriate, professional, and high quality service can gain customers’ trust and raise their satisfaction level.**

Hiltrop and Janssens (1995) summarized past literature and proposed some working abilities employees should have: 1. Technical skills. 2. Ability to endure pressure. 3. Ability to communicate. 4. Cultural empathy. According to some professors’ opinions, database is as complex as ERP. Except involvement of computer engineers and backup service in business and marketing, professional consultants are also needed to improve the process of database marketing. Moreover, database marketing is completely guided by customers. Salesmen have more chance to contact customers, so they often look at things from customers’ point of view. Therefore, the participation of salesmen is the key to success of database marketing schemes.
When introducing database marketing, bank C educates its employees level by level, and step by step. First, bank clerks are taught to understand the purpose, function, and operational procedure of the system. Second, bank clerks are encouraged to quickly get used to this system, and work out the best benefit of this system. Third, employees at the planning department are required to pass the test of Rational Management System (RMS) in order to improve their professional ability in data analysis. Fourth, a 24-hour customer service website is built (http://rms.chinatrust.com.tw) to instantly show products’ contents and customers’ questions on-line. In addition, interactive support is provided by bank C, so customers’ different needs can be quickly satisfied. Needless to say, customers’ satisfaction level is enhanced.

To refine the employees and professional strategies, bank C at the end of every year scores its clerks’ year-round performance. Ratings are: O (Outstanding), E (Excellent), S (Satisfy), and N (Need improvement). Those with N rating will be assisted and watched closely in the following year. If these employees make no progress, they will be asked to leave the company. In this way, efficiency is raised and cost on payroll can be reduced. On the contrary, employees with O rating will be given a bonus as a token of encouragement. To cater to customers’ different needs and all kinds of innovative financial commodities, employees are given special lessons and notified of online courses. Moreover, personal banking department even earmarked an amount of money for all divisions to buy books needed. The main purpose is to systematically cultivate and train employees in an attempt to tackle future changes and gain a niche market for the mother company.

CONCLUSION AND SUGGESTIONS

Discussion and managerial implications

After literature review and interviews with one commercial bank now implementing database marketing, this research put something together:
1. A commercial bank’s database marketing needs support from CEOs, supply of tailored products, and a high e-level of every division. The approaches are:
   (1) Support from CEOs and an all-out notify can create all employees’ willingness to embrace changes, and establish a feasible merit system. Banks were not good at marketing before, but finding workable projects is very vital. Therefore, a behavioral science can be used to evaluate the input and output of production to let managers clearly understand potential results and thus encourage the new system.
   (2) An integrated, complete and widespread information network must be built as the foundation of efficient database marketing. Generally speaking, there are a wide variety of financial news and commodities in the bank, so establishing a quickly respondent nerve network is necessary. This not only lets customers check dealings immediately, but also is important in providing differentiated database marketing. However, the whopping expenditure would be impossible without firm support from CEOs.
2. The different executive ability of database lies in compatibility of corporate culture, accuracy of data, and completeness of data storage.
   (1) Corporate culture and strategies must be centered around customers. Database marketing is customer-guided. The clash with corporate culture would very likely lead to failure. Especially when employees block radical changes in corporate philosophy, the predictable result is slow pace and destructive activities. Therefore, sketching strategies should take into account compatibility of corporate culture and possible pressure that would ensue. Now the trend in technical development, products’ R&D, creative inspirations all come from surveys on the market and consumers.
   (2) Database marketing is not only a one-way sale, but also a long-term, direct, and consistent interaction between companies and clients. How to pick out the most valuable client among thousands of customers? The answer is hid in the completeness of data storage. Regardless of tangible branches or virtual web-bank, banks should make an effort to gather customers’ basic information, accounting records, consumption behavior, and preferences. Different groups are thus analyzed and supplied with appropriate marketing packages.
3. Database marketing not only elevates customers’ satisfaction, but also manages customers’ value. The concrete procedures are:
   (1) An interactive network is built to elevate customers’ loyalty. A service focusing on kindness and attractive price does not promise a repeated purchase. Eventually, an interactive network of service turns out to be the answer to a noticeable increase in customer’s loyalty. This includes to provide a reliable brand, sufficient technological information, appropriate one-on-one consulting service, and so on.
   (2) A two-way communication platform, incorporating customers’ service center and all branches’ counters, can raise customers’ penetration rate. Traditional after-sale service is too passive, and it should be changed into a marketing-directed platform. Besides average service, active and cross-selling should be emphasized, too. Platform has become an indispensable tool used to communicate with customers, because this gathers important information about customers and corporations can thus really know whether customers are satisfied or not. The best opportunity to sell something is when clerks finish serving customers who show the maximum satisfaction at this time.

Limitations and further directions
Any study has inevitably some limitations. For this research, the following limitations were found:
1. Quantity of the respondents: Besides foreign banks, database marketing is rarely seen in local banks. Of course, this makes the sample small, and makes it difficult to find managers who have a clear understanding of database marketing.
2. Limitation on content of interviews: Banks in Taiwan all strive to perform better. First, the high similarity of products make most banks devote to research and development of re-packaging financial products. Second, jumping on the bandwagon shortens the time of being the number one. Consequently, respondents might be suspected to keep some secrets for their own businesses.
3. Lack of related information: The effect of banks’ conducting database marketing is hard to find, because the number of adopting database marketing in financial industry is small, and this is still a new thing. Hence, analysis can only be done based on both the content of interviews and current situation of financial industry. The research result may not explain all.

For the follow-up studies, this research proposes ensuing suggestions:
1. The integration of products and logistics plays an important role in banks’ marketing. What’s the impact on firms with different corporate culture? How should they adjust to the change? These questions are not included in this research, so interested academics can probe into this.
2. Protection on personal data has become the buzzword recently. How banks legally extract this information and then take advantage of it? However, banks have to effectively prevent this data from misuse. These problems are worthy further investigation.
3. Due to limitation of data collection, some issues in the field cannot be analyzed mathematically. Interested researchers can look deep into this in order to provide enterprises more accurate judgment.

REFERENCE

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