The ultimate guide to database marketing (with 3 examples)

Database marketing is what helps Amazon recommend home decor items via email when you recently purchased an eye-catching side table, or Netflix recommend top thrillers via push notifications when you binge-watched six episodes of Stranger things.

So what exactly is database marketing, and what are its types? How do you collect the required data? And what benefits can you expect from database marketing? We talk about all this and more, along with examples of successful global brands implementing it right.

What is database marketing?

Database marketing involves collecting, organizing, and processing customer data to deliver personalized and relevant marketing communication to existing as well as potential customers. Having a database equips you with enough customer data to create successful strategies to reach a diverse customer demographic.

This marketing approach helps marketers learn more about existing and potential customers—refine customer segmentation, understand them better, and deliver personalized offerings. It

also equips you to improve customer acquisition and retention, cross-selling, upselling, reactivation, and accomplish a higher ROI on your marketing spends.

However, the utility of database marketing is not only limited to personalized product recommendations across various channels. All the behavioral data that database marketing collects also helps you identify customer journey pain points. With these insights, you can create better segmentation and targeting and make necessary improvements to your platform by adding walkthroughs, smart nudges, or tweaking certain features, for example.

For potential customers, the database marketing approach is about collecting something as basic as name, gender, address, email, phone number, etc., and reaching out with personalized messaging via email marketing, SMS marketing, or social media ads. While for existing customers, basic information plus user behavior, purchase history, average order value, browsing history, etc., is collected to personalize marketing messages and recommendations.

Types of database marketing

Database marketing branches into two categories—B2B and B2C. Information gathered varies as per your target.

1. B2C consumer database marketing

Businesses use consumer database marketing to sell directly to consumers.

Basic information such as phone numbers, email IDs, addresses, locations, gender, age, and spending capacity; purchase information such as the number of orders, average order size, and purchase frequency are data prioritized in this type of database marketing.

You can conduct quizzes, social media giveaways, free trials, and some new account registration perks to encourage potential customers to share this information with you.

2. B2B business database marketing

Businesses use business database marketing to sell exclusively to other businesses.

Here it'd be best to gather details of your contact person—name, business email id, job function, phone number, reference, what exactly are they looking for, etc.
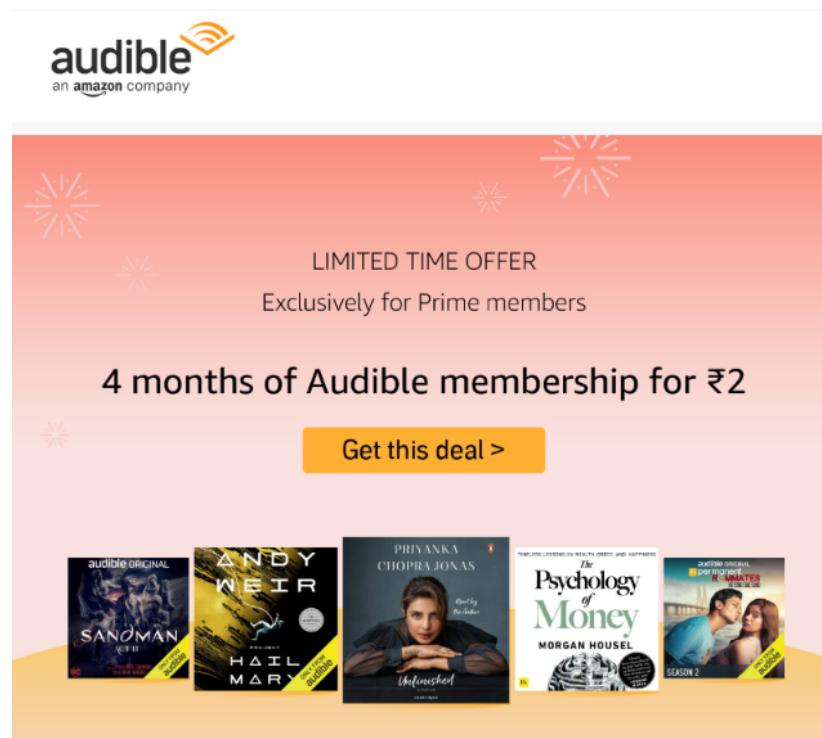
LinkedIn, whitepaper downloads, free software trials, event registrations, webinars, and demos are some ways to collect information for B2B businesses.

How to build your marketing database?

Building a good database can reap significant benefits. Let's discuss the various ways you can start building your marketing database.

1. Offer discounts and useful information in a newsletter

Newsletters incentivize your audience to sign-up for your subscriber lists by sharing their basic information, such as name, email, phone number, etc., in exchange for discounts, sale information, or valuable content.

They are an excellent way to build lasting relationships with new and existing customers and keep them purchasing from your brand. Moreover, depending on user interaction, you can collect valuable data to create better segmentation and personalization strategies.

2. Offer trials of a subscription service

By offering free trials of your subscription services, you can let your prospects try out your full-featured product/service free of cost for a limited time before they are required to pay for it.

▶ YouTube Premium

YouTube and YouTube Music
ad-free, offline, and in the
background

3 MONTHS FREE

3-month free trial • Then ₹129.00/month
We'll remind you 7 days before your trial ends
Recurring billing • Cancel anytime

This cancels any apprehensions that customers have regarding committing to and paying for a service they are unsure about.

You can track their service usage during the free trial and see the features they used the most. If they cancel the subscription before the first payment is due, you can use this information to re-target them using other channels.

3. Create an OTP login

Customers are often reluctant to share their phone numbers before purchasing.

←

VERIFY DETAILS

OTP sent to 99

ENTER OTP

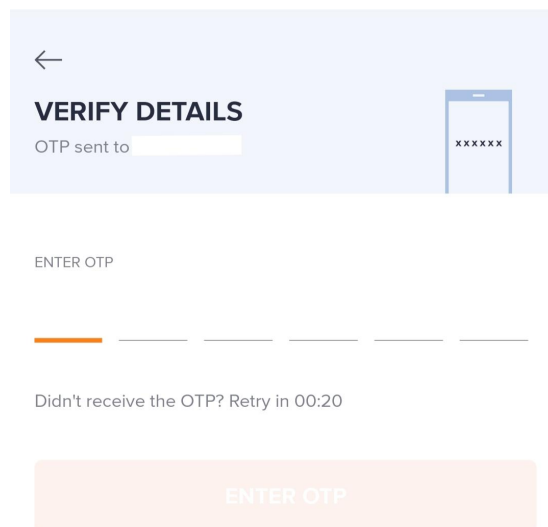Didn't receive the OTP? Retry in 00:08

ENTER OTP
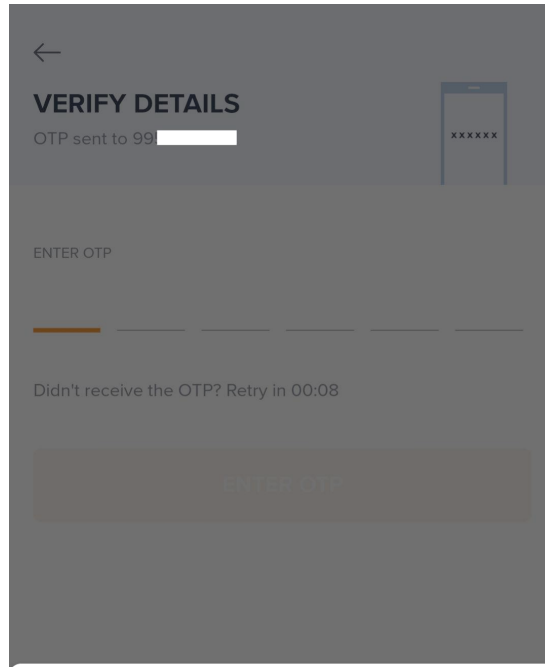
Allow **Swiggy** to read the message below and enter the code?

Use OTP 2   3 to log into your Swiggy account. Do not share the OTP or your number with anyone including Swiggy personnel!

Deny   **Allow**

←

VERIFY DETAILS

OTP sent to

ENTER OTP

Didn't receive the OTP? Retry in 00:20

ENTER OTP

Creating an OTP login will work as a two-step verification login system, which will make them trust the overall security of their accounts and get you their phone numbers, thereby building your database. Although ensure not to spam them with texts, that would break trust.

4. Collect behavioral data

Collecting behavioral data includes tracking customers' past behavior and interaction with your products and overall platform, social media pages, and ads, including what engages them the most.
With the right marketing automation platform, you can also identify real-time friction points, recency, frequency, and monetary (RFM) value of your customer's purchase or other events and track metrics like average session count for different user types, and more.

Remember that gathering and organizing behavioral data is a continuous process and continues after you have added the customers to your database. You begin with focusing on acquiring customers and move on to retaining them via relevant and personalized marketing communication.

5. Launch a chatbot on the website/app

You can leverage a chatbot on your website or app to improve customer relations by quickly responding to queries and FAQs.
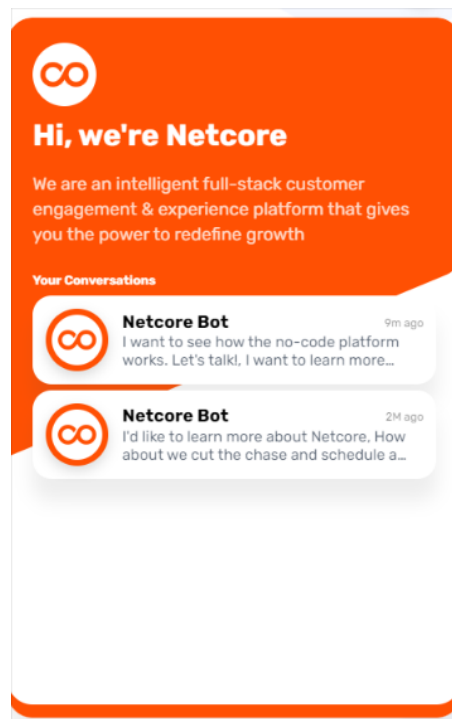
Chatbots collect more information about common problems, usual doubts, and pricing queries. You can utilize this data to improve your platform and personalize your offerings.

Which database sources are useful in database marketing? A checklist

Multiple internal and external sources can provide you with data. When you finally leverage database marketing, it's critical to understand which data source you should rely on. Here are some of the most useful data sources.

1. Demographic data

Demographic data includes location, gender, age, marital status, education, etc. This is one of the most basic and significant information collected for database marketing.

2. Acquisition data

Acquisition data involves when, how, and where the customer was acquired (which channel, affiliate, or promotional campaign). Marketers can focus their efforts on that specific acquisition channel on noticing a trend or strengthen other weaker channels.

3. Purchase history

Purchase history data is continuously updated and includes the number of purchases, number of items purchased, intervals of previous purchases, and prices of purchases.

4. Campaign performance history

Marketers must also record the data of how well their campaign has performed, customer's response (including frequency of response) to such campaigns, and the kinds of campaigns and channels that garnered maximum response. You can then compare it with previous campaigns to find trends.

5. Customer surveys

Surveys and questionnaires are one of the easiest ways to collect data about your customer's preferences directly and precisely.

6. Interaction with brand

It refers to all the interactions recorded between the customer and the brand (via website and app) and is a critical [behavioral data](#) source.

7. Social media activity

Social media profile details, topics of interest, regular interaction with brands, and app ratings are some data collected from social media activity.

8. Third-party adtech

Purchase intent data, details about other sites browsed, and ads clicked are beneficial data for database marketing.

That's a lot of data that you can collect using various data sources. However, that's not the only way. You can also purchase a database for marketing.

Should you purchase a database for marketing?
Building your database from scratch requires extensive resources—time, effort, and costs. Purchasing a database from reliable providers can potentially save that. In addition, reliable providers regularly update the database to maintain accuracy and manage and segment the database that you would have to spend significant time doing otherwise.

E-commerce companies can significantly benefit from buying data and optimizing marketing to those data points. They can leverage data for shopper analysis, price-changing, improving customer service, personalizing the customer experience, and more.

However, ensure that your providers offer permission-based contacts as you want to foster positive relationships with your potential customers from Day 0.

3 Database marketing examples

Here are the top 3 examples of successful brands implementing database marketing by collecting exhaustive customer information correctly.

1. Netflix

Netflix has surpassed Disney to become the most valued media company and boasts a stellar [retention rate of 93%](#). Among other things that it's doing right, database marketing easily makes it to the top.

STEP 1 OF 3

Create a password to start your membership

Just a few more steps and you're done!

We hate paperwork, too.

> Email

Email is required.

> Add a password

Password is required.

Next

Netflix collects geo-location, browser type, email address, payment information, device identifiers, web beacons (in case of browser), and more. It also collects data on customer behavior, buying patterns, customer interaction, and response to a show. Did you pause the show? Didn't resume after pausing? Did you finish a show you started? Do you watch shows with female leads? Do you binge-watch thrillers but don't resume comedy shows? Netflix knows it all.

All this data adds up to create a detailed user profile post which Netflix recommends shows based on your specific preferences. A staggering 75% of viewership is based on personalized recommendations. That's how it's acing database marketing.

2. Amazon

Amazon heavily focuses on data-driven marketing. It implements an elaborate procedure while user registration—collects the user's name, email id, and phone number, and also deploys OTP verification to ensure that users share their correct email id and phone number.

After registration, Amazon leverages users' wishlists, search history, user behavior, purchase history, and more to deliver relevant and personalized marketing messages and recommendations on-site and off-site (via email, push notifications). Collected data points also enable Amazon to deploy effective upselling and cross-selling strategies.

3. Bank of Tennessee

Bank of Tennessee collects product interests and preferences data from customers to create more effective and personalized acquisition and retargeting campaigns. It uses quizzes on its website to engage customers in a fun way to plan their finances.

Ready to test your knowledge? You'll have ten multiple choice questions to answer. Click on each question to reveal the question and multiple choice answers. After you've completed answering all ten questions, click "Grade Me!" at the end of the quiz to see how you did.

+ Question 1

+ Question 2

+ Question 3

+ Question 4

+ Question 5

+ Question 6

+ Question 7

+ Question 8

+ Question 9

+ Question 10

Consumers are asked questions about their wants, needs, lifestyle, and more to understand how they plan to achieve the said goals. Critical information such as spending behaviors, financial plans, product interest, etc are then extracted from the data and used to deliver personalized messaging.

Benefits of database marketing

Putting database marketing into action helps you improve your marketing by making your messaging relevant and personalized. You shift from generalized targeting to precise targeting based on proven data.

1. Identify the best channels to contact customers

One of the first steps to database marketing is to gain contact information and establish multiple channels of connection with your customers—phone, SMS, email, WhatsApp, etc.
Reaching out to customers on these multiple channels and recording which channel they use/engage with the most, to connect with you, will help you identify the best channels.

2. Segment customers based on interaction and loyalty

A data repository around customer behavior enables your data analytics team to develop better segmentation tactics. You can segment your existing customers based on their interaction with your brand, behavior, buying history, and loyalty and deliver relevant and hyper-personalized messaging. For example, you can reward loyal customers for their continued support and offer lucrative discounts and relevant updates to bring back dormant customers.

3. Engage across different touchpoints

Database marketing also fuels omnichannel marketing strategies. When you have gathered customer data from different channels, you can offer a seamless marketing experience across multiple touchpoints. This will help you engage customers across touchpoints and drive them down the sales funnel via leveraging personalized messaging and recommendations.

4. Personalize marketing for individuals

Let's discuss this with an example. The customer database for eCommerce brands will contain details like age, gender, location, contact information, buying history, user behavior, preferences, product and overall website/app interaction, and more. On the same note, fintech companies will store information like credit score, EMI payment history, Pan card information, and income details. Using all this information, you can easily tailor your marketing messaging to individuals (current and prospective customers) instead of having a one-size-fits-all, guesswork approach (without any data).

5. Efficiently use marketing budget by sending target campaigns

You'll be able to target your campaigns better when you know who to target, where to target, and when to target. So you'll not be shooting in the dark, targeting customers who are unlikely to respond, at the wrong time, and on the wrong channels. Doing this will ensure you spend your marketing budgets optimally and gain maximum ROI.

Database marketing with Netcore

But you can avoid all that by using an intelligent martech platform.
(for internal use)

Conclusion

Having a rich database enhances the impact of your marketing campaign and increases your marketing ROI. Effective database marketing positively influences customer engagement and

retention as you reach out with personalized messaging, making your customers feel deeply heard and understood. However, managing the customer database is not a one-time process and requires continual effort. The better you handle your data, the better it will supplement your future marketing campaigns. At last, it's best to collect data and maintain a database and combine it with the acquired database for desired results.

To know more about how Netcore can help you maintain customer data and market to them better, visit our [customer engagement](#) page.

Social media post

76% of customers get frustrated when brands don't deliver personalized interactions.

We're evidently long past the stage where you could dictate standard marketing messages to your prospects and customers and hope to convert and retain them.

In today's competitive market, there's no alternative to understanding what your customers need and delivering relevant and personalized marketing communication that meets those needs.

A customer-centric approach where you move from generalized to precise targeting based on customer data.

And that's exactly what database marketing helps you achieve.

We discuss database marketing and its implementation (+3 examples of brands implementing it right) :