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Is your customer data firing on all cylinders?

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A ready stream of customer data is one thing, but being geared up to apply that insight at an increasingly personal level and fuel a brand's growth is another, finds Matthew Valentine.



Picking up speed: Honda is turning to digital media to hone its communications

Heard the one about the grandmother receiving vouchers for pregnancy products? Or the teenager being offered house insurance? These are two of many examples of poor targeting that are often blamed on a blip in the data brands have on consumers. But how can marketers be sure they correctly identify the audience most interested in their products?

Discount retailer Poundland uses extensive qualitative and quantitative research to identify different shopper segments. About 80% of its customers are female, but digging into the data reveals more people in the upmarket AB group have been coming into its shops over the past 18 months as the recession has started to bite. The fact that 2% of American Express payments are from corporate cards also reveals that small businesses are using the stores.

Trading director David Coxon claims it invests more than typical amounts on quantitative surveys and qualitative research such as focus groups. "One of our values as a business is to put customers first," he says.

A presence on Facebook and Twitter is also used to encourage feedback from customers, and Poundland makes specific and sometimes unconventional efforts to engage with customers to find out what they want. This can include going into the community to meet them.

"We have taken our Halloween range into schools to show children the products we are thinking of. The feedback you get is amazing," says Coxon.

These observations, coupled with other market research findings, are used to shape all communication with customers, which focuses on providing clear messages about value. In-store messages to drive impulse buys are especially strong.

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Poundland's current market research is centred around plans to launch an online sales site in 2013 and Coxon says customer feedback will shape its look, offer and function.



Poundland: Qualitative and quantitative research uncovered surprising customer data

It is no different for car manufacturers. Vauxhall works hard to identify and target its audience when putting advertising campaigns together. While the average buyer of a new car is over 50 years old, marketing often targets a broader age group, says marketing strategy manager Martin Lay.

“When you are planning your creative work, you’re actually often developing a creative for younger people, but you will sense check it qualitatively against an older market. If you promote to the old you will alienate the young, but if you promote to the young, older people often like to think it is relevant to them. It is not off-putting that it is promoted to a younger market,” he says.

It usually takes a few years to develop new cars, with customer insights being used at the beginning of that process to make sure the right models are being created. Vauxhall, along with many of its rivals, taps into large-scale syndicated research projects that look at global preferences and trends.

However, if a car manufacturer starts to develop what customers say they want now, those preferences could be old hat by the time the vehicle goes into production. “That’s why you sometimes have to take a chance and develop niche models. Some don’t have as much success as we would hope, but on other occasions they can really storm the market,” says Lay.

He continues: “Where we are hitting the spot with the older market is the media that we are choosing, because we’re often in traditional media, which tends to be seen by this audience. It’s more challenging to get to younger people because they use such a diverse range of media. We are using social media more to get conversations going with them.”

In the future, this kind of conversation is set to play a more active role in Vauxhall’s market research. “I’d like to think there will be more involvement of the target audience in the product because, particularly for these younger groups, it is vital to get their buy-in and involvement. We want them to shape our products.”

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Vauxhall is set to launch a small car - the Junior - next year. Designed to compete with the likes of the Fiat 500, the car will feature a long options list to allow it to be personalised for every owner. "We have already been talking to younger people about this vehicle to get their input - about how we take it to the market. We are using this research in the early stages of the campaign, to get them talking about it and giving us feedback about what we need to be doing," says Lay.

Rival car brand Citro'n is also keen to engage with customers to get their feedback. When it opened a pop-up unit last year in the Westfield London shopping centre to promote its DS sub-brand, it used image recognition technology to profile and analyse visitors to the stand. The sex, age profile, dwell time and movement patterns of the potential customers was recorded, while a mobile website accessed by QR codes and an iPad app allowed them to register and provide additional information if the vehicles on display appealed.

"If you want to create one-to-one relationships, there is no end point" Martin Moll, Honda UK

Part of Citro'n's objective in staging the boutique-style pop-up, developed by Green Room Retail, was to appeal to a new, young and predominantly female audience.

Brands are going to increasing lengths to make sure their products and marketing appeal to their target audience. As the level of data held about consumers grows and becomes ever more specific, it can be said they know their customers better than ever before. The challenge will be to apply that knowledge on an increasingly personal basis.

Figure Focus

Over 50s... buy 80% of top-of-the-range cars in the UK, 50% of facecare cosmetics and 50% of mineral water sold in the UK.

Over 65... In the UK, there are more people aged over 65 than under 15.

46% of 18 to 24-year-olds... feel the media does not respect their age group in the way they are portrayed.

55% of 65 to 74-year-olds... feel ignored by UK brands, compared with 46% of 55to 64-year-olds.

Case study: Honda



Honda way: The car brand is making its dealerships more customer friendly

"We have an absolute focus on the customer. I wouldn't call it an obsession, but it's not far off," claims Honda UK marketing director Martin Moll. Knowing how customers feel about the brand, and all of their experiences in dealing with it, is a key objective.

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Honda is best known in the UK for its cars, but also sells quad bikes, scooters, motorcycles and lawnmowers. The methods the company uses to research its customers are as varied as its products. New car buyer surveys, customer satisfaction research, an active group of 5,000 'Honda friends' who are contacted every month, dealer exit polls, 'town hall' events - where Honda books venues around the country to reach audiences - and live chat facilities on its website deliver a constant stream of data. What is then done with the data is crucial. "You can get into a real analysis paralysis with data. Depending on how you ask the question and the type of information you are looking for you can obviously go down a certain path," says Moll.

"The more you research the customer, their journey and their experience and what you think is the ideal template for it, the more you realise that it is so individual. And if you want to create a feeling of one-to-one relationships, where a person comes out thinking 'the brand cares about me', there is no end point. This is a continuous process."

All customer communication, including customer service training for staff, is informed by what Honda's customers say they like. A new design for its dealerships has just been installed in two branches, and is heading for a further 17 soon, as part of Honda's 'retail experience' project.

The design applies market research findings, giving a more welcoming retail-like feel to an environment where staff can often outnumber customers - or guests as Honda calls them. "We have also worked very hard with the retail sales teams," says Moll. "Instead of finding ways to sell to them, this is more about engaging with them and understanding customer perspectives."

With private sales of Honda cars generally made to wealthier customers aged 59 to 63, the brand is very careful about the marketing channels it uses. "We want to get to the point, irrespective of their demographic or profile, that everybody feels we can tailor our communications to them," says Moll. The future leads towards an increased focus on digital media and customer relationship management, he says. "Through both of those, you can engage the audience with what is relevant and there is a means for them to have proper dialogue. Every communication can't be about closing a deal because that is like having a friend who only calls when they want to borrow something. Eventually you avoid the calls."

Audience identification



Martin Lay - Marketing strategy manager – Vauxhall

Broadly, we use what we call 'social milieu' work, so we have an idea of the individual that we are targeting in terms of how forward or traditional-thinking they are. There's a broad classification of an individual and then we decide which of those milieus is most relevant to this product. That's how we then set about targeting within the market.



David Coxon - Trading director - Poundland

There is the formality of qualitative and quantitative research that we do, but we also encourage consumers to talk to us through our website and Twitter and Facebook accounts. In addition to that, we run focus groups with staff and customers.

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Martin Moll - Head of marketing - Honda UK

We have set up a group of about 5,000 people who are what we know as 'Honda friends'. These are customers who have decided they want to participate and give us real-time feedback.

Link:

www.marketingweek.co.uk/trends/is-your-customer-data-firing-on-all-cylinders/4001717.article