"Why we believe that data is the new oil..."

Data Strategy Online December | By Ruth Mortimer

David Buckingham is general manager of intelligent shopping solutions at Aimia UK, which runs loyalty schemes such as Nectar.

Ruth Mortimer spoke to him about using data to benefit both brands and customers:

Marketing Week (MW): How can marketers ensure they get enough data from customers to fuel their operations and campaigns?

David Buckingham (DB): There cannot be a one-way street where brands pull data from customers and give nothing back. People have to see their information being used in a way that provides them with benefit. This doesn't have to be offers or discounts, just something that customers value. That could be content or access to a product or service before the general public. Give people the feeling of being valued and you'll keep them coming back.

We recently carried out research into young people's willingness to engage with brands on their mobile phones. After all, there is a belief that mobiles will be central to our lives with near-field communications (NFC) allowing customers to make contactless payments. We found that young consumers are engaged with mobile, but not yet willing to use the channel to interact with brands.

When we look closely at the research data, however, it's clear that young people will start to trust brands talking to them by mobile if offers and content are very personalised. They don't want junk, spam or irrelevant SMS messages. Make it targeted and they will see value in it.

MW: Are marketers seeing data as more valuable today than they used to?

DB: My career has been broadly centred around data and at no point has it ever been a higher priority for brand owners and retailers. Everyone gets it. Companies understand that there is a great deal of information out there about what people are doing, and customers are prepared to give up details in order to get something back. There is definitely a role out there to make data easy to digest so marketers can create communications off the back of that information.

MW: Aimia administers the Nectar loyalty scheme for brands including Sainsbury's and Homebase, along with other loyalty programmes. Can you explain how you use customer data for marketing?

DB: Aimia's intelligent shopping solutions is the company's analytics and datamining business. We have built up the business from scratch in the past four years and it does two core things: we create insights from data and we also use insights to drive communications.

So we house all the customer data and transactional information from a brand using Nectar, such as Sainsbury's. We can feed that back to the supermarket or its suppliers. So not only the retailer but also the companies that supply it can see who is buying their products, what promotions are working, what new customers they are attracting and if people are switching what they buy. That helps Sainsbury's create a better in-store environment, ranges, price points and promotions.

MW: So can all brands using Nectar have access to that level of datamining?

DB: No, for our regular Nectar loyalty scheme customers, such as Homebase, we will know when someone swipes a Nectar card in store and what money has been spent. But we won't know the detailed contents of that person's shopping basket. For brands like Sainsbury's, we will know not only what has been paid when you swipe the card but also what was in the basket with every promotion. Over time, we can build up a picture of that customer's buying habits.

MW: Once you have customer data, how do you use that insight to create communications?

DB: We use the data we have to work up a plan so we can make sure the right people get the right offers. We will do that across an increasing number of channels, moving from direct mail to online, or from mobile phones to in-store coupons. Sainsbury's shoppers might have noticed that there is an extra set of printers by the tills, which spit out personal offers directly targeted at individuals based on what they buy.

We consult with our brand partners about what they are trying to achieve with any campaign. We discuss the channel, the message and based on the data analytics, we can recommend offers. If you are trying to convince a lapsed customer to come back, for example, you might give a different offer to one for someone who buys your brand reasonably frequently. We always ensure any communication is on-brand and isn't using conflicting messages to any other marketing that is running.

MW: Are you managing retailer and customer data on a global basis or is it mainly country by country?

DB: It's still within country boundaries at the moment. But I don't think it will be too long until a global basis on the cards. We already talk to European headquarters for our UK work, so working across borders is the logical next step.

MW: What are your big challenges over the next 12 months?
DB: We need to find the next generation of data benefits for retailers. So we have to think about how we can kickstart that next phase of growth by looking at what data is out there in the market and how it could combine with ours.

We use a phrase here: "Data is the new oil", which I hear often within organisations. That's a sentiment we absolutely believe. The challenge for all companies is to harness the power of data in multiple environments, particularly online.

There is an example that may become a blueprint for future operations. We have created a partnership with Yahoo that links together information from different sources. We invited some Nectar card holders who are also registered with Yahoo.co.uk to join a panel. We asked if they would be happy for us to link their information across Nectar and Yahoo.

This allows us to find segments of people within the Nectar data for whom it is relevant to serve online advertising. So if you are a soft drinks brand, without access to shopping information, you are perhaps relying on demographic information and browsing behaviour to target potential customers. This means we can target much better when we serve ads. Then we can trace the subsequent shopping behaviour of the people who saw the ads. Looking at a control group, we can see how effective that advertising was.

We tend to use this format for online ads that have something interesting or quirky to them, rather than straight offers. We did one with Cadbury for its Creme Egg with an invitation to click through to a campaign site for an interactive game. We saw high engagement levels because the campaign was so targeted.

MW: Given the rise of social media, are you adding social data to your other sources?

DB: It's a big consideration for us. In the Nectar team, we have done a lot of work on social media and interaction on Facebook. Aimia has also done a few bespoke projects with brand partners where we have worked up some analyses for some of this data. But as regards a full assault on social media, it's central to our operations so we are looking at it. We are considering areas such as whether online conversations can be traced back to sales, but we aren't doing that today. Anything is possible in future.

We need to ensure we can harness all sources of information so we get a complete idea of what consumers are doing. It's worth remembering that this process has to be permission based. You must invite customers in and tell them what you are doing with their data. But once you have crossed that barrier, there are numerous in-depth data sources out there that can help brands and retailers really understand their customers. "We use the data we have to make sure the right people get the right offers"

MW: How did you end up working in data and loyalty?

DB: I started off in market research, working for a company that was then called Taylor Nelson. It was based in my home town, so I fell into working there initially but found I really enjoyed that kind of job. I worked with FMCG clients and I particularly enjoyed the chance to talk to brands and see how they were using the data they had been provided. I later went to work for IRI.

MW: What lessons has your career path taught you so far?

DB: I moved to Diageo in a research role and then headed back to IRI in a new-business role. But it was very apparent to me that the future of the business was about the customer, so I became very interested when I saw what was happening at Nectar.

I'd already seen how Tesco was creating lots of value out of its customer data and felt this must be the future. And I think I've been proved right in this role. Data sits at the leading edge of what brands do.

DB: The granularity of customer information and technological advances have put data at the top of the agenda for many organisations.

It's black and white; there are no grey areas. You can see what works, not just in terms of pushing up sales in the short term but the longer term too. Did you convert customers to your brand? Did that segment stay with you afterwards? In times of economic hardship, all investment pounds are hard fought. If you can prove an idea pays back, you're onto a winner.

Buckingham's Background

David Buckingham sets out the four most crucial skills any data marketer should possess:

1 - A detailed understanding of the industry you work in is important. I've worked in FMCG and retail for a long time, so I can take a point of view on multiple topics in those areas.

2 - It's vital to have management and leadership skills. When you are managing critical relationships with high-profile clients, making sure you can foster relationships effectively is vital.

3 - You must always keep an eye on the market and whatever developments are occurring within it. You need to stay in touch with what's going on - what's hot or not.

4 - Business sectors change very quickly, so make sure you understand what are long-term trends and what may be more short term. Look at the daily deals market: We saw Groupon grow up very quickly and be valued at an enormous amount of money. But now there are a number of Groupon-alikes doing similar things with only slight points of difference. There will be some gems in there and others that won't make it long term. That's just one example of an industry that has sprung up very quickly. If you are going to partner with someone in such a sector, make sure it's the right business.