Consumer Insights - What Do You Need To Know?

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For years, marketers have surveyed consumers to understand purchase drivers, motivators, and inhibitors in an effort to gain a stronger foothold in their markets. With new technologies and platforms allowing brands to remain connected with consumers, today, there is an abundance of data for analysis than ever before. Indeed, the challenge today is not can I get ‘data’ on my customers but rather, what do I really need to know?

The Problem of Plenty

With data from retail stores, banks, healthcare operators, insurance companies, and social media, we are generating analytical reports by the day about how consumers shop or behave. We know which cars they drive, the perfumes they wear, their loans and liabilities, where they holiday, and much more.

Analytics purveyors agree to the increasing need for data to conduct substantial analysis, and marketers have no reason to reject it. After all, with more data, marketers will know more about their customers. And knowledge is the key to success, isn’t it? However, the question to be asked is—can a brand really make use of so much data, and is it really required?

In reality, collecting data is only one aspect. The real challenge begins when you put it to use and watch the results unfold. As the famous French novelist Marcel Proust said, “The real voyage of discovery consists not in seeking new landscapes, but in having new eyes.”

“The explosion of data that we’ve seen over the last few years has seen customer insight and analytics move higher up the business agenda than ever before. Enterprises globally have recognized the vast number of opportunities presented by this volume of data—to increase sales, reduce churn, and drive customer loyalty. However, the challenge of being able to turn this insight into an actionable business change is preventing organizations from realizing bottom-line benefits.”

Abi Manders, Head of Production, Customer Management Exchange Network (July 2013)

Finding Relevance in Data

Data analytics has emerged as a strong business support tool for marketers, providing them with not only the means to arrange and categorize data, but also marketing-ready intelligence through the
Who’s Doing What?

Using Data to Increase Customer loyalty. French cosmetics giant L’Oreal plans to offer customized discounts and services, and personal communication through its recently launched iPhone app—Makeup Genius. The app—primarily designed to test cosmetics digitally—allows consumers to browse products and create shopping lists that link to retailers. The company aims to tap this browsing data to provide customers with a personalized shopping experience—both online and at retail counters.

By the end of this year, Sonic Corp., one of the largest drive-in fast-food restaurant chains in the US, will start offering product recommendations to its customers based on their purchase history. The chain plans to move away from its basic loyalty program—which provides promotional email updates to members—by delivering targeted offers and promotions to customers. The program also includes geofencing—a software program that sends customized promotional messages to customers’ smartphones when they enter a defined geographic area.

“We should be able to predict what we think might happen and use that to create personalized experiences. The point is to get the customer to come back by keeping them guessing about what they might get.”

Craig Miller, CIO, Sonic (September 2013)

Using Data to Improve the Top and Bottom line. Multichannel retail giant Otto group witnessed a 12% dip in leftover stock, along with a 9% increase in sales after it conducted a dynamic pricing pilot through a predictive analytics solution that uses the same algorithm as deployed by scientists working at CERN. Post complete implementation of the solution, the company is able to deliver 90% of the orders within two days to customers, as the reduced number of returns more than compensates the delivery cost.

Online travel operator Orbitz.com used consumer data that showed that users logging on with an Apple computer were willing to pay more for higher-end goods. Thus, it generated a list with high-priced options, which was unavailable for Windows users (as is also known, this practice raised a number of ethical considerations in the marketplace).

The online sales of Macy’s—one of the largest department store chains in the US—surged 8-12% after implementing automated predictive analytics software that helped better understand consumer buying behavior, sent personalized emails...
to registered users and website visitors, and created more relevant and effective marketing campaigns in 2014.

**Nothing goes to waste.** So is the data you are currently collecting of any value? Quite possibly—what now seems to be of little use can be made valuable with a slight shift in focus to finding the right internal audience for each data set. For instance, data gathered on online shopping behavior or the highest grossing stores can be useful for markets, but is almost certainly crucial for field operations, as they look to realign logistics.

Therefore, the challenge is not only determining the type of data to be collected, but also using it judiciously and optimally. “Big Data” analytics is useful only if it helps cut through the clutter and does not inundate teams with information that cannot be analyzed.

Consumer insights will gain even greater importance in the future with the abundance of data on consumer behavior. Investing in the right skills and the ability to identify the most important data points are no longer mere tools to collect data, but is certainly the need of the hour. While there is a definite need to gather more and varied data, it is the ability to separate the wheat from the chaff that will be the key toward building a successful marketing strategy.