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GET TO KNOW YOUR CUSTOMERS, INSIDE OUT

If you know your customers better, you can cater to their needs better to increase customer satisfaction and marketing ROI. Find out how data consultants do it.



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Data Profiling is a keyword. Big Data's a buzzphrase. But what do data consultants actually do?

Many in the field divide it into six areas. Segmentation, penetration, visualisation, planning, profiling and propensity. While each can happen on its own, they deliver even greater value as a process. Let's look at each in turn.



#1 - SEGMENTATION THAT GROUPS CUSTOMERS BY WHAT THEY DO, NOT WHAT THEY ARE

All marketing directors know about segmentation: dividing a list of customers or prospects into groups so each can be targeted. But on its own this doesn't tell us much about how they operate. (For example, do you think of yourself as an SME?) So data consultants add a twist: letting the segments bubble up from the data.

Why? Because it can fill in the gaps traditional segmentation misses. Saying your target audience is SMEs with 50-250 employees makes a neat list – but the real value is in finding out how those companies approach their business and what pain they encounter doing it. And since practically all B2B activity involves taking away pain for companies – from driving down costs to enabling better communication – that's a far more useful set of information.

All of B2B can be summed up as solving pain for others.

Consider your list of SMEs 50-250. They're all in the energy sector, because that's what you know. What if – comparing and contrasting that info with a larger dataset from a data consultancy – you learned that your average customer gets 50% ROI from what you do, adding £1.2m a year to their topline?



Your marketspace just broadened. Because your key segmentation isn't by industry sector any more; it's any company spending £800,000 on your kind of services and not getting £1.2m back. (And you've already got the Case Studies.)

If you think this kind of data isn't available, think again. Data consultants have creative ways of tracking it down and can segment it just as creatively - turning up insights that could deliver a thousand hot prospects you've never heard of.

#2 - A MARKET PENETRATION REPORT BENCHMARKS YOU AGAINST YOUR PEERS

Your 8% profit margin may be keeping you in business perfectly well. What if your competitors are making 12%? Or, conversely, you're making 12% but it's all from one customer?

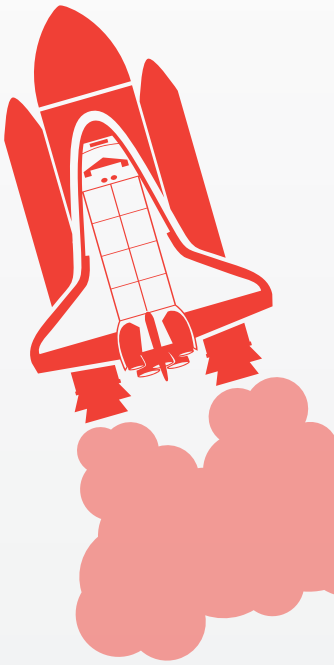
Again, leveraging that broader dataset, a data consultant will look at your entire universe of prospects and where you stand within it. Looking at companies like you, are you safely ahead of the pack, or risking fallback? (Note, not having a big presence isn't always a bad thing. If you're a young growth company, all that uncharted territory will motivate your sales staff... and make the company's prospects look great to investors.)

Market penetration is about knowing your proper place... "At the front".



Again, creative use of data can uncover insights. Perhaps your average competitor employs 18 people in its marketing team where you have seven. Or the average age of their plant is five years younger. Even random-seeming facts can be illuminating.

#3 - MAPPING AND VISUALISATION TURNS DATA INTO UNDERSTANDING



A mass of figures means little to an untrained eye. Rather than bamboozle you with it, a key task for data consultants is to turn that data into a visual that says something.

Because not all charts and graphs are equal. A pie chart can represent quantities, but not trends over time. A bar graph can show longitudinal (time-based) change, but aren't much good for more complex multivariate data. (Appallingly, the 1986 Space Shuttle crash may have been due to engineers representing their concerns about the cold as a table of numbers rather than a graph.)

The best data visualisation shows you the "Why" as well as the "What". (Take a look at this Top Tips list.)

Perhaps footfall at your flagship store increases at 3pm. A heatmap with time series will reveal why: a new office building rescheduled its teabreak. Or your business suffers a dead zone in the third-to-last week of each quarter: a regression analysis will show which customers have their budget cut off that week. Used in the right way, such insights can put you ahead of your competitors.

#4 - PLANNING TERRITORIES THAT FOCUS ON CUSTOMERS, NOT LINES ON A MAP

Sales territories are a basic tool of any sales and marketing department: they let you allocate resources (including salespeople!) to specific areas of the country. But what if you could define "territory" beyond looking at a map? For example, many industries develop in "clusters". And their customers sprout in similar patterns. If it's cost-effective to book sales calls in those patterns, they could be your new territories. (Imagine cutting out 5,000 expensed miles per sales exec.)

It's surprising how few companies do business further than an hour's drive away.

Perhaps a graphical distribution of your customers' supply chains would show you sales would be higher if sales executives were allocated motorway sections rather than counties. Or if you're looking to expand, a data consultant could show you where similar patterns exist across the EU's development regions.



And you thought all the low-hanging fruit was gone. A data consultant can shake the tree with you.



#5 - CUSTOMER PROFILING SHOWS YOU WHAT SUCCESS LOOKS LIKE

Every customer is different. But, oddly, you can serve them better by seeing where they're the same. No matter how far apart they are as businesses, you'll often find they do business with you for the same reason. Because you're solving the same pain, everywhere you go. A data consultancy can dig deep and uncover those common traits between your customers – and then take the next step: developing a persona.

The wider you wave your arms, the more business slips through your fingers.

Personas (you'll have more than one) are very vivid and specific descriptions of your ideal customer. Hopes and dreams, what motivates him or her, often right down to hair colour and what kind of house they live in.

Why? Because being so specific triggers stronger reactions – "I know somebody like that." And that magic phrase is often the first step to new customer acquisition. A persona may well start with an actual name, like Fred Bloggs. There might even be a picture of him standing outside his four-bed house. **It's not mumbo-jumbo. Here's why.**

A £1m budget holder at your top customer probably has 15+ years of experience. Probably a financial qualification.



80% of such people may be male and living suburban lifestyles. In their income bracket,



75% are aged over 40 and identify as White British. It's hard work, leading to premature greyness.

The customer persona may sound like soft science. But it's based on hard data. All this gives you a name that fits, a physical description and other details that add up to a vivid picture of the person who seeks your services.



#6 - PROPENSITY REPORTING IS DATA CONSULTANCY'S CRYSTAL BALL

Connected to data profiling – and often the next step in extracting value from it – is propensity reporting: predicting the future. Data consultants do it by helping you get to know your customers better than they know themselves. Not just the surface facts and figures, but the deep-down motivators and drivers that determine how they do business and what actions people tend to take on a customer journey.

People, after all, are pack animals. We take decisions based on the communities we're part of, the information we collect and the rewards we expect. Across industries and cultures, these motivations can be surprisingly similar. Which lets your data consultant predict - with reasonable accuracy - what a customer in a given situation will do next.

That's why data consultants tend to work with broad datasets and look at psychographic more closely than demographic. (For example, did you know the global influence of the BBC has an effect on businesses moving to the UK?) There are still categories where age and gender matter, like teen fashion and stairlifts. But for data consultants, what matters more is what people think and feel. And if you know what customers are likely to do next, you can be ready with your business solution that solves their pain. Because you know them inside out.



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