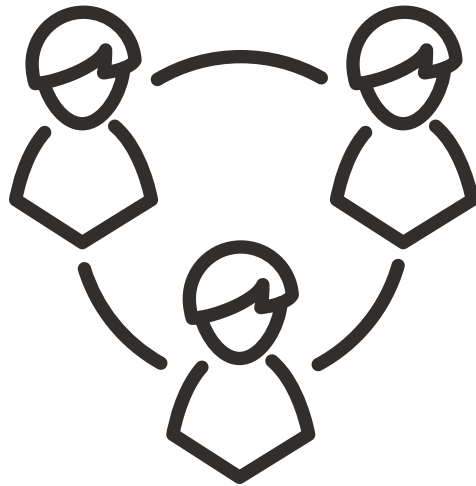# serendipity2
INSIGHT. STRATEGY. CREATIVE

WHAT IS CUSTOMER PROFILING?

HOW TO USE CUSTOMER PROFILING TO GAIN A COMPETITIVE ADVANTAGE

Today's marketplace is extremely competitive with businesses competing for market share, customer acquisition and customer retention. In order to gain this advantage, to find more customers and to increase customer loyalty, businesses need to target the right prospects with the right offering at the right time.

How can businesses understand who might be most interested in their product or services? When consumers are ready to purchase and how to provide a service that makes the customer feel valued and engaged? Customer profiling is the key to gaining a competitive advantage and, if undertaken correctly, can help address all of the above criteria to increase sales and gain market share.

WHAT IS CUSTOMER PROFILING?

Customer profiling looks at customer's characteristics including demographic (age, gender, life stage), geographic (location), and psychographic characteristics (influencers, interests, lifestyle), as well as past buying behaviour to understand who they are and what motivates them. Similar types of customers, those with shared traits, goals and motivations can then be grouped and targeted based on who they are and what they are interested in.

BENEFITS OF CUSTOMER PROFILING

Marketing is a highly competitive environment, more so now than in the past, with consumers empowered by technological advances enabling them to become more demanding and discerning. Brand loyalty is decreasing, whilst customers expect timely highly personalised communications that are relevant and an overall good customer experience. Any less and consumers will happily take their business elsewhere.

To provide a good user experience, businesses need to understand their customers and what they are interested in to be able to communicate with them, as and how they expect. The silver lining to this technological age, is the wealth of data consumers now create through multiple devices and touch points such as mobiles, tablets & computers. Profiling and analysing this data provides the intelligence that can answer not only what consumers are interested in but also how they prefer to be contacted and when they might be ready to purchase. This knowledge, often referred to as customer insight, can then be used to drive your future marketing strategy, help improve targeting and provide a better customer experience.

"The silver lining to this technological age, is the wealth of data consumers can now create through multiple devices and touchpoints"

CUSTOMER PROFILING ADVANTAGES

1

CUSTOMER KNOWLEDGE
Profiling enables you to understand your customers, who they are by age, gender, life stage, location, hobbies and past buying behaviour.

2

RELEVANCY
Ability to tailor communications based on customer's specific interests which will enhance experience, engagement and ultimately sales.

3

INCREASE RESPONSE RATES
Communicating with the right people at the right time drives better campaign results and sales, this insight enables a nurturing process to lead your prospects through the buying process.

4

CUSTOMER EXPERIENCE
If you know your customers you can make them feel recognised and valued, increasing the customer experience and therefore loyalty.

5

CUSTOMER ACQUISITION
If you understand who your best customers are you can look for prospects with the same characteristics. These prospects will have a higher propensity to be interested in your offering and potentially purchase.

6

OPPORTUNITY SIZING
Understanding who your most profitable customers are enables you to focus resource where it matters. Do a small percentage of your customers provide a higher proportion of your profit margin?

7

MARKET PENETRATION
Once you know your customer profile, you can analyse the potential opportunity available to you. What percentage of your target market are you talking to, what's your market penetration like?

So you know that customer profiling will enhance and improve your overall marketing, but how does customer profiling work?

CUSTOMER PROFILING PROCESS

DATA CLEANSE & VALIDATION
Your customer data needs to be cleaned and validated to enable customer analysis and enhancement enabling profiling.

SINGLE CUSTOMER VIEW
If you have disparate data sources, marketing and operational this needs to be consolidated in a single customer view so that each customer's information whether email response, brochure download or purchase can be analysed together.

DATA ENRICHMENT
Your data can be appended with variables such as age, life stage, income, hobbies or consumer classifications such as Mosaic to provide flags against individuals

CUSTOMER SEGMENTATION
The process of grouping customers into similar characteristics which may be by demographics, purchasing behaviour or a more sophisticated combination of the two.

STRATEGY ALIGNMENT
Once you understand who your customers are and have segmented them into groups you can develop a strategy to drives sales and performance based on their individual requirements. Each segment will require a different strategy and communications based on who they are and where they are in the sales process.

TARGETED MARKETING
Once you have developed your marketing strategy to nurture both customers and prospects you are in position to implement targeted marketing. This is marketing based on the interests and needs of each segment rather than blanket marketing to all.
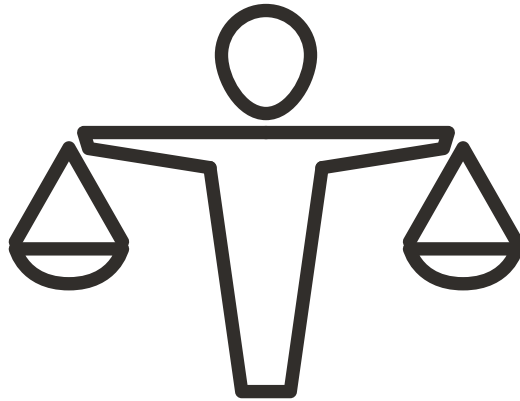
GAIN THE COMPETITIVE EDGE

Customer profiling is a powerful tool for marketers, providing the insight and knowledge to improve strategy and decisions. In a customer centric age, to overlook the value of customer intelligence or to base decisions on gut feel alone could be a costly mistake.

Customers have the world at their fingertips (literally with the technology available). The buying process has changed with consumers now being able to conduct in-depth research on your products and services from home, instore at point of purchase, days, weeks or months before they buy.

To connect to your target market, you need to communicate and engage effectively. If you want to get ahead of your competitors, treat your customers and prospects as valued individuals. To achieve this customer profiling is key – ignore at your peril!

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ABOUT S2

Serendipity2, (S2), is a leading strategic consultancy which helps major consumer brands and retailers to acquire and retain customers with the overriding objective of driving customer engagement, sales and lifetime brand loyalty.

Driven by insight, we operate at board and senior management level advising CEOs, Sales, Marketing, Operations, Finance and HR Directors on company strategy and in helping organisations to plan and execute business transformation strategies. Underpinned by data science, our services range from sales and marketing strategy, location planning and store segmentation to category planning, store openings and sales territory planning.

With the customer at the centre of the decision making process, S2's omnichannel approach brings together in store, mobile and online data and technology to create a seamless experience for all parties engaged in the buying process.

Operating in the Food, Drink, Leisure, Hospitality, Travel, Retail, Grocery and Fashion sectors, our award winning customer insight work provides deep level analytical insight and unrivalled expertise in helping to shape, plan and execute strategies for consumer brands and retailers in a rapidly evolving on and offline marketplace.

Our long-standing relationship and extensive data driven work for Coca-Cola, the world's leading consumer brand organisation, now underpins much of their strategic sales, marketing, operational and financial planning and execution.