



# Define Your Customers

Take a look at who your customers *really* are

Most multichannel marketers think of customers in straight-forward terms: females, 45 to 60 years old, \$75,000-plus household incomes, for example. These broad-sweeping demographic descriptors have a place in customer definitions but aren't the end-all, be-all in defining who does business with you.

Many of the data points necessary to understand the customer are available in your database. Purchasing data, for example, provides the foundation of analysis in marketing, merchandising and price points. But some of the more meaningful data—the information that

## What Customers Are

The first step in building a comprehensive customer profile is the application of demographic data. There are more than a thousand different demographic variables that can be appended to the typical consumer's name and address record. These demographics, or descriptive characteristics, can range from age and income to gender and ethnicity to home ownership and consumer credit availability. By compiling data from a variety of outside sources, third-party data bureaus can overlay demographics data onto any consumer data file and

of the person “materially”—essentially the 45- to 60-year-old, \$75,000-plus household income female mentioned earlier. The additional demos also allow for more understanding about the kind of home she lives in, how thin she spreads her income, how settled she is and more. And from a marketing standpoint, demographics can enhance RFM selection as well.

## What Customers Believe

Understanding customer beliefs is critical to building a powerful brand and can pay dividends in creative presentations and communications. Psychographics, or attitudinal data, are generally established by evaluating the thoughts and feelings of various cohort groups—groups of consumers in similar age ranges or stages of life.

Psychographic overlays allow you to classify customers in one of a number of predefined segments. These segments are named and grouped based on common beliefs held among members. But psychographic data goes beyond demographics by exploring how people feel about everything from finances to shopping to technology to family and friends to religion, and more. Often, “messaging briefs” or tips for communicating with each group better and more specifically to their own beliefs also accompany these overlays.

At this point, if you conduct demographic and psychographic overlays you produce a picture of what the cus-

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**Demographics alone are great for modeling, but if you want to paint the best picture possible of who your customers are, you need to move beyond age and gender to an understanding of what they believe and what they think about your company.**

allows you to complete the puzzle—is often available through third-party service providers. These data bureaus can offer data appends that, for a fee, allow you a more complete and robust view of who the customer really is.

Let's look at several techniques you can use to learn more about your customers (and even your noncustomers) and how, put together, they give you the intelligence and insights to tighten your brand, improve your marketing and boost profits.

provide back either a series of descriptive reports or, better yet, appended data for additional analysis.

The demographics most commonly employed in developing customer profiles are generally age, income and gender. Additionally though, it can be powerful to know more about the customer, like how much she paid for her home and how long she's lived there; how wealthy she is, beyond just annual income estimates; etc. By applying these data points, you start to paint a picture

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customer looks like and what she believes. To continue building a better picture of the customer, though, we have to know what she says.

### **What Customers Will Tell You**

In the age of online marketing, a good survey provides actionable answers to questions that discern the respondents in one group from those in another. By building a customer survey—one that can be executed online as well as over the phone—you can get the customer's opinions of your brand as well as your competitors' brands. The essence of brand differentiation is defining what you stand for and knowing what you don't stand for in the mind of the customer.

Asking customers a variety of questions about themselves, your company and the competition, you begin to develop an understanding of what's important to them in making purchas-

ing decisions and how you rate on those issues versus the competition. In a perfect scenario, you find that you excel in the areas that are most important to your customers and that you have a significant advantage over the competition in those same areas.

Surveys don't have to be long; seven minutes is an eternity on the phone. What surveys must do is ask the right questions. And to highlight your strengths even more, put non-buyers and lapsed buyers into the survey mix along with "better" customers. This way you see how your best buyers perceive you compared to your older buyers and nonbuyers.

### **What Customers Buy**

Square-inch analysis, or squinch analysis, sheds light on product performance. In an effort to understand customer behavior completely, you should enhance your profiles above with merchandise analysis. Asking questions like, "Do my best customers buy differently

from my worst customers?" helps you address merchandise mix; price point; and creative issues in the catalog, on the Web site and in e-mail. It is at this stage that you've not only developed but implemented a better, more meaningful view of your customers.

Demographics alone are great for modeling, but if you want to paint the best picture possible of who your customers are, you need to move beyond age and gender to an understanding of what they believe and what they think about your company. Putting all of the pieces of the customer information puzzle together allows you to build more targeted and relevant creative, a more appealing merchandise mix and a more profitable contact strategy by contributing to an ironclad brand positioning. To define yourself, you first must define your customers. ■

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