



## **Integrating Market Research Information with Customer Data Information**

by Richard Boire

The clamour for more and more information is creating an information overload that has many people asking “How do we make sense of it all?”

This challenge arises for companies trying to optimize their marketing performance by using market research, the traditional source from collecting customer information, and customer databases, a relatively new source. Minimal attention has been paid to how we can best use and integrate these sources. But before doing that, it’s important to understand why an information strategy is important.

### **Why the need for an information strategy?**

Notions such as customer loyalty and one-to-one marketing are becoming imbedded in the marketing psyche. But what is loyalty and how do we attain it?

We all realize that those organizations that truly establish customer loyalty will be the most successful. But does this mean we should create loyalty among all customers? Ideally yes, but practically speaking no. All customers are not created equally, so we must treat them in very different ways.

But how do we do this? The first step is to recognize that data or information is the key to successful customer loyalty. A well-designed information strategy is critical if marketers are to better understand and serve their customers. A sound information environment permits

marketers to uncover patterns of consumer behavior, interests, needs, etc.—and, more importantly, how this could affect future marketing behavior.

Organizations must recognize that creating customer loyalty begins with data. One of the many challenges in this area is how to use and apply both market research and databases in developing customer loyalty programs.

### **Using market research data**

Historically, the use of information in marketing began and ended with market research. Surveys represented the prime conduit for collecting this type of information. For example, a survey might reveal that the average customer of Company X is single, female, 25 to 34, athletic and independent-minded, with a strong entrepreneurial bent.

At this point, the marketer might think that a targeted program could be developed from this. We would appear to know who our customer is, both from a demographic and psychographic standpoint. Our information needs seem to have been satisfied. But is that really true?

This is better understood by examining market research’s impact on the three drivers of success that comprise every marketing program: audience/list, offer and creative/message.

From the results of the above survey, offers and messages could be designed based on this

customer group's attitudes and interests. Offers that pertain to individual-level sports would have some appeal. A message that conveys a sense of overcoming personal challenges and achieving lofty goals would tap into the customer's independent-mindedness and entrepreneurship. Using research in this manner lets us address two of the key factors: offer and creative/message.

### **Using databases**

The factor not yet addressed is the audience/list. Now we might think that a potential list can be developed, since we know that the average customer is single, female, and 25 to 34.

If this were an acquisition program, this would suffice, as one could order lists of names that resemble this profile as our potential prospect pool. But for programs to existing customers, this information is almost meaningless.

Typically, market research is only conducted on a portion of the customer database, seldom exceeding 20%. This means at least 80% of the database can never be used in generating lists from research results, simply because the information is not there. It is at this point that market research defers to database analysis in generating the optimum lists or audience for a given program.

By analyzing prior customer behavior from the database, we can identify our target group/list of names with information on 100% of our customers. Tactics such as predictive modeling can be rigorously applied when the database on customers is 100% complete.

### **Other uses of the database**

Although the database's prime purpose is to generate the best customer list for a given campaign, it can also be used to augment the findings from market research. Analysis of demographic groups from the database and their relative product purchase patterns can be used in developing new offers and creative.

Gap analysis, which assesses the gap between what customers say they do (market research) and what they actually do (customer

database), is also extremely useful, as messages can be developed around this gap.

### **Conclusions**

This just represents some of the ideas that might be addressed in formulating an information strategy for using market research and databases. In today's world, each of these represents an equally vital information asset.

Those companies that can best harness and integrate both components will be better equipped to build the information foundation for customer loyalty programs.

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