

Customer Insight **Simone Barratt, e-Dialog UK Ltd**

Where's my data? - The key to e-tail success



Retailers sit on vast stores of data – customer, behavioural, clickstream and a variety of analytics – that they can use to boost their bottom line. Relatively few, however, are effectively capturing this valuable information. Pure-play online retailers do it well, but bricks-and-clicks retailers typically gather data only on their current customers, leaving a lot of potential business untouched.

Crucially, it's this data that allows them to recognise previous customers and prospects, understand their behaviour and act accordingly. Without it, the retailer and the customer are caught in a frustrating cycle of constantly restarting the relationship from scratch – the retailing equivalent of the film 'Groundhog Day'. Only in this case it is not funny or morally redeeming, just costly.

To break this cycle and grow the customer relationship, there are two types of data retailers can focus on:

1. Static data - information such as contact name, address, previous purchases, products details and preferences. Some of this can be picked up in the natural course of an interaction or transaction. Often, however, the consumer needs to be actively asked. Most are willing to share this information as long as their privacy is

assured and they see a benefit in doing so.

2. Behavioural/event data - this captures the customers' behaviours, telling retailers when a customer performed an action, the type of information they searched for, what they clicked on and downloaded and what they bought. Typically, it includes web-tracking or clickstream data. It is the kind of data retailers such as Amazon.com use when they follow up a customer website visit with an email message that includes a promotion or incentive related to something the customer looked at or bought recently on their site.

Both of these types of data can then be applied in predictive modelling to create a variety of highly targeted promotions relevant to the customer and for loyalty programmes through which retailers can expand their relationship with the customer and capture a larger share of their wallet.

But the real power of this data – to influence the consumer buying process at key moments – comes from combining the two types using a data collection strategy that is right for the retailer's sector.

To bring the principle to life, consider two examples from different sectors:

- The sale of music involves a small, high-involvement but low-risk sale. Here the retailer can start with static demographic data such as age, sex, education and stated preferences. By combining this with behavioural data such as track downloads, fan websites visited, music reviews and newsletters read, the retailer can then make compelling recommendations and create targeted and persuasive promotions.

- Applying this to car sales might seem less obvious. Car buying is a very different purchasing process involving a large, high-risk, high-involvement and long-term decision. But car retailers can still combine static and behavioural data to great effect. In this case static data would include customer demographics, home and job location, marital and family data, and data about the current car, its age, its condition and buyer satisfaction. Behavioural data would include the makes and models the buyer was researching, price comparison shopping and the evaluations that were read.

So if you want to make better use of your data for e-tail success, follow this basic principle. Start by developing a clear data strategy for your business that enables you to identify, collect, combine and transform the static and behavioural data specific to your business. Then, by turning this into actionable insights, you can create truly targeted and relevant offers that will engage your customers and ultimately help drive sales and loyalty.

Simone Barratt is Managing Director of e-marketing company e-Dialog UK Ltd and an active member of the DMA E-mail Marketing Council.