

# CUSTOMER KNOWLEDGE AS THE WELLSPRING OF INNOVATION

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**“INDIFFERENCE IS THE STRONGEST FORCE IN THE UNIVERSE.**

**IT MAKES EVERYTHING IT TOUCHES MEANINGLESS.”**

**– JOAN VINGE**



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## Brands – and choices – are burgeoning in today’s world.

The sheer number of choices we face is leading to consumer bewilderment and, sometimes, utter indifference.

A recent visit to the Coca-Cola Company website ([www.coca-cola.com](http://www.coca-cola.com)) found that the company offers over 3,300 different beverages. There are 15 different kinds of Coke sold in the U.S. – not including Coke-owned brands that don’t carry the Coke name like Barq’s, Mellow Yellow, tab and Fanta. The Pepsi site ([www.pepsi.com](http://www.pepsi.com))

listed 14 kinds of Pepsi. With so many product choices available, any meaningful differences between products tend to disappear. How many people know the difference between Pepsi one and PepsiEdge... between Diet Coke with Lemon and Diet Pepsi twist?

Lacking the time, expertise or even the interest required to investigate; consumers are seeing less and less difference among brands – whether the product is ketchup, soft drinks or retail stores.

Often, more difference exists in the mind of the advertiser than in the mind of the customer.

## Advertising fails the relevancy test: Rebuild consumer trust through engagement.

### **People are tiring of ads in all forms.**

According to *Your Brand: At Risk or Ready for Growth?*, a report by marketing solutions provider Alterian, consumer resistance to marketing and advertising has reach an all-time high. The result is that the productivity of traditional mass marketing methods has plummeted.

Essentially, consumers feel they’re drowning in information

that fails to meet their needs and desires and hold little to no trust in companies.

- > **95%** do not trust advertising.
- > **54%** feel that companies are only interested in selling products and services, not the product or service that is right for an individual customer.
- > **16%** feel that companies are genuinely interested in them.
- > **8%** do not believe what companies say about themselves in marketing and advertising.
- > **23%** think that companies do not listen to consumers and their needs.
- > **71%** seek additional sources of information because they do not trust marketing and advertising.

Retailers can break through consumer resistance by delivering precise and relevant messages geared toward specific individuals while empowering customers and providing reciprocity of some kind for their time and attention. In addition, with more and more channels for consumer-generated content, companies must engage their customers both online and offline through social media strategies.

According to the report, respondents who are "actively engaged in the use of social media tend to be more positive about companies in general" and are twice as likely to think that companies are "genuinely interested in them."

#### **Retailers must...**

- 1.** Develop a strategy to embrace the era of social change and learn to engage customers in a two-way conversation at every stage of the customer lifecycle.
- 2.** Focus on what really matters to their customers and prospective customers.
- 3.** Create concise, relevant, and compelling messages that build relationships based on customer's needs.

#### **All of which requires first knowing who you're talking with.**

##### **WHO?**

*What is their life-stage? What are their hobbies and interests?*

##### **WHAT?**

*What factors are influencing their purchase decisions? What other products might they need?*

##### **WHERE?**

*Where do they like to buy?  
Where are the conversations?  
What channels of communication do they prefer?*

##### **WHY?**

*Why do they buy your product or service?*

##### **HOW?**

*How do they use your product or service? How does it fit into their life?*

Marketing questions like these cannot always be answered by transactional data alone. To achieve increased insight and gain competitive edge requires developing a holistic understanding of the customer relationship including:

#### > **Purchase behavior**

#### > **Lifestyle**

#### > **Demographics**

#### > **Motivations**

#### > **Interests**

#### > **Customer lifecycle**

#### > **Purchase and communication channels**

One leading specialty retailer of premium pet food, supplies and services has differentiated itself from other pet stores and mass merchants by leveraging its roots in database marketing. The store segments its customer's not only by value, but also by their customer's motivations, attitudes, pet's life-stage, previous purchase behavior and brand preference. This information is then used to deliver meaningful customer messages.

The store has also been successful in creating a value-added and personalized experience for their shoppers online. Since implementing an automated product recommendation system, the company has seen online sales increase 26% and 30% more items per order. By utilizing data about customers' historical shopping patterns, the store is able to generate personalized and relevant web content specific to customers needs.

Nine West Group, Inc., women's shoe designer, manufacturer and retailer with 700 stores leverages its available data sources using rigorous data analysis, and customer segmentation

to deliver unique emails for its customers. Nine West personalizes its messages based on their customer's shoe size, shoe width, preferences, store location as well as other factors. Since personalizing the company's messaging specific to the customers' needs, Nine West has had a 32% click through rate on their personalized e-mails (four times the industry average of 8%). Deliverability rates are also 8% higher than industry average.

Nine West's customers open, read and act on these messages because they focus on what really matters to the individual customer.

For Home Depot, the world's largest home improvement retailer and the second largest retailer in the United States, the challenge of understanding their customers is knowing not only what the customer is buying, but the type of home project they are working on, and what they might need next to create the room and home

of their dreams. The company utilizes its robust customer database and segment's its customers to deliver over 20 different localized, life-stage, product-stage e-mails per month. From new mover, to garden club members to general contractors to plumbers and gift registry users, Home Depot breaks through consumer resistance by delivering precise and relevant messages geared toward the needs and preferences of its customer.



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*With over 20 years' experience in strategic marketing, sales management and customer relationship management, Customer Insight Group founder Sallie Burnett has built her vanguard reputation by crafting solid customer-centric strategies that drive bottom-line success for her clients. Renowned for her out-of-the-box thinking and wealth of experience, she's been sought out by many of the nation's top companies to engage, keep and grow their customer relationships at every point along their customer relationship journey. Her insight results in better aligned sales, service and marketing, while generating the greatest return on investment based on the voice and value of the customer.*

**CUSTOMER INSIGHT GROUP, INC.**

*Customer Insight Group is a strategic marketing company that uses customer information to help its clients engage in successful and profitable long-term relationships with each and every customer. It provides marketing strategy, customer research, data analysis, program development, implementation and refinement of customer-centric programs including: loyalty, social media, customer engagement, retention, win-back and new customer acquisition.*



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