

How to Tell the Best from the Rest:

10 Need-to-Knows to Find Good Customer Targets in the Digital Age



WITH ALL EYES ON MARKETING'S ROI, identifying the "best" current and prospective customers—the ones who will generate the highest return in terms of profits for your brand—becomes even more critical to success. Of course, the explosion of digital and social media certainly hasn't made it any easier to answer what was already a pretty challenging question: how to tell the "best" from the rest?

Marketers now have to integrate traditional and digital paid advertising with "owned" properties such as the brand's website, as well as traditional and social "earned" media such as news articles and tweets in a way that gets them the biggest bang for their marketing dollar. The expanding range of communications options has changed not only when, where, and how marketers reach customer targets, but also how to go about assessing their value.

In fact, these days a comprehensive customer valuation process requires a profitability equation balanced with both financial and, very importantly, non-financial inputs. In addition to revenue measures, there are also several other characteristics that make one customer more valuable than another because they're easier to get and keep, as well as engage as co-marketers.

Here are 10 need-to-knows about current and prospective customers that will clearly and definitively guide marketers to good customer targets in the digital age:

No. 1: Revenues are still relevant.

Collect information from customers to establish just how much cash money they are bringing to your table. Measures for every respondent in a survey could include:

- current spending in the category in dollars
- current brand share
- channel behavior and prices paid in different channels
- brand switching history/potential
- lifetime value

If your current segmentation does not offer clear direction on which group or groups offer the highest return on marketing investment, you can rest assured you'll see the numbers climb if you address the situation head-on. The best place to start is getting financial data for each individual customer.

No. 2: Happiness is contagious.

One popular idea circulating in business these days is to "flip the funnel" and focus on the customers who're currently happy with your brand. Certainly customers that express a high level of satisfaction have a lower likelihood of switching away from you; a higher likelihood of repeat purchases; and a greater chance they'll enhance marketing activities. You also don't have to invest significant resources in reversing their negative opinions or undoing its potentially damaging effects. Just ask the folks at Dell about [Ihatedell.org](#).

An addendum to this notion, though, is to take advantage of any unhappiness current and prospective customers may have with the competitive brands they use. Given the right incentive, they might bring their business over to your brand.

No. 3: Price sensitivity is NOT a good thing.

Unless you're Wal-mart and want to grab share amongst the folks who put price above all other brand considerations, price insensitivity is another important indication of a buyer's value to a brand and one particularly relevant these days. Mickey Drexler, CEO of retailer J. Crew, looked for the customers willing to pay more for well-made clothing and increased revenues 107% his first five years in charge.

No. 4: The bigger the problems the better.

The bigger the problem your brand can solve, the bigger the market response. In the early days of internet surfing, AOL went after people interested in getting onto the web, but afraid of doing it on their own. More than 30 million people over several continents signed up for AOL's service and the *USA Today* put it at #4 in its ranking of the events that shaped the first 25 years of the web.

No. 5: On the lookout for something new.

Introducing new products and services—in good times and in bad—can generate the kind of organic growth companies crave. So why not ensure that new products and services WILL generate bottom line growth by narrowing in on the customers most interested in considering the latest offerings from a brand or company? Apple's pretty much got this one down.



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No. 6: Distinctive needs and wants

The more homogeneous and preemptible a target group's needs and wants, the easier time marketers will have developing compelling positioning and messaging that breaks through in traditional and digital channels.

Burger King has had a hard time on this front with its professed target: young men 18-24 who are big time fast food eaters. Though they share an age range and behavioral pattern, do they all eat fast food so much for the exact same reasons? Do they all feel the same way about BK? Do they all watch the same TV shows? Do they all connect with the brand on Facebook?

No. 7: A hub with lots of spokes

Because of the speed and number of tools available to customers to spread information about products and services on-line, word-of-mouth activity is even more important to capture in a digital environment. The more active and engaged a customer is with different social media, the more valuable they can be to a brand. Ford picked out 100 twenty-something YouTube storytellers who'd developed a fan community of their own and gave them a Fiesta for 6 months. Each month they shared their experiences with their communities via YouTube, Flickr, Facebook, and Twitter. Ford received 50,000 requests for information on Fiesta—almost entirely from new-to-Ford customers—and sold 10,000 units in the first six days of sales.

No. 8: Out there advocating for your brand

The greater the level of influence a buyer has among their social networks, the more a brand's marketing ROI will benefit. Customers who do some of the work for a brand because they're more likely to spread the word to family and friends on-line and off about a product/service they found that really works are like money in the bank. One restaurant chain we worked with found that while the Brand Advocates visited the stores the same number of times in an average month as the Frequent Users, they introduced the brand to other people in their social networks three times as much.

No. 9: Meaningful to traditional and digital decision-makers

Get a sense of how high-value customers use traditional, digital, and social media communications throughout the pre- and post-purchase process, and, in particular, how they like to interact with a brand within different communications channels. The restaurant chain we mentioned earlier, for instance, did some investigating into what information advocates want and when so they can talk about the brand with their family and friends.

No. 10: No needles in the haystack

The "best" communications channels—either current or prospective—are the ones with a disproportionate number of high-value customers. Ask and answer the same questions used in the resources media planners regularly access to develop direct links to syndicated databases like Simmons, MRI, and Carat's CCS. Or connect to the information in internal customer or sales databases so you can tap into these existing resources.

Bring it All Together

Rather than look at each of these things separately though, we're suggesting marketers can and should bring together financial data and the non-financial, what we call, "proxies for profitability" to calculate a single measure of value. Figure out which descriptive characteristics—demographics, anthropometrics, psychographics, attitudes, lifestyles, needs, behaviors, and more—have the strongest relationship to these proxies and marketers will give themselves incredibly helpful guidance with which to build a high performance marketing plan.

As more and more marketers shift their mentality from experimentation with digital and social media to integration of all on-line efforts with the overall marketing plan, they will give themselves a tremendous leg-up in generating the most return from marketing investments if they recalibrate how they separate the "best," most valuable customers from the **rest**.



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