# Opportunities in Linking Research, Lifestyle and Customer Databases

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*Berry Consulting*

# *Why Link Disparate Datasets?*

- Combine *depth* of market research with *breadth* of external sources

- Gain better understanding of customers and prospects

- Apply to recruitment and relationship management

- Improve targeting based on *individual* data

# What Can Be Linked?

consumer panels and lifestyle data

financial research and customer databases

product/media usage and credit card customers
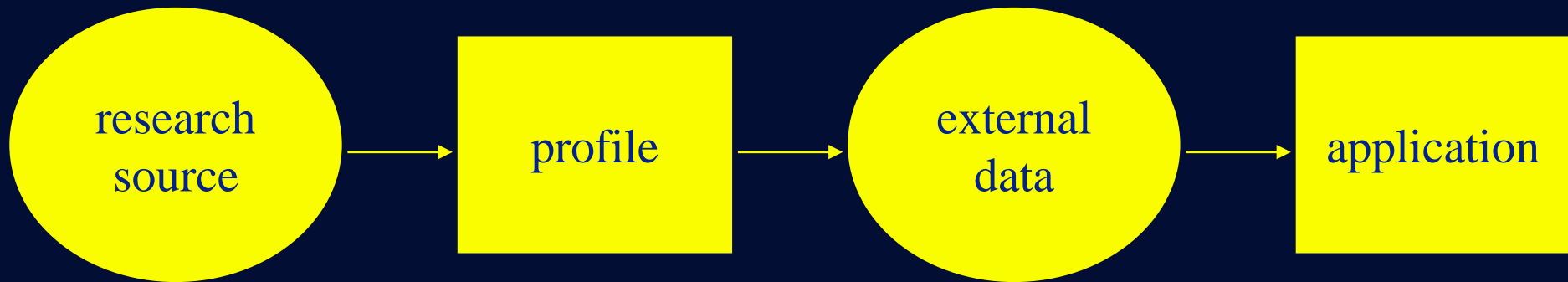
financial segmentation and electoral roll

lifestyle surveys and electoral roll
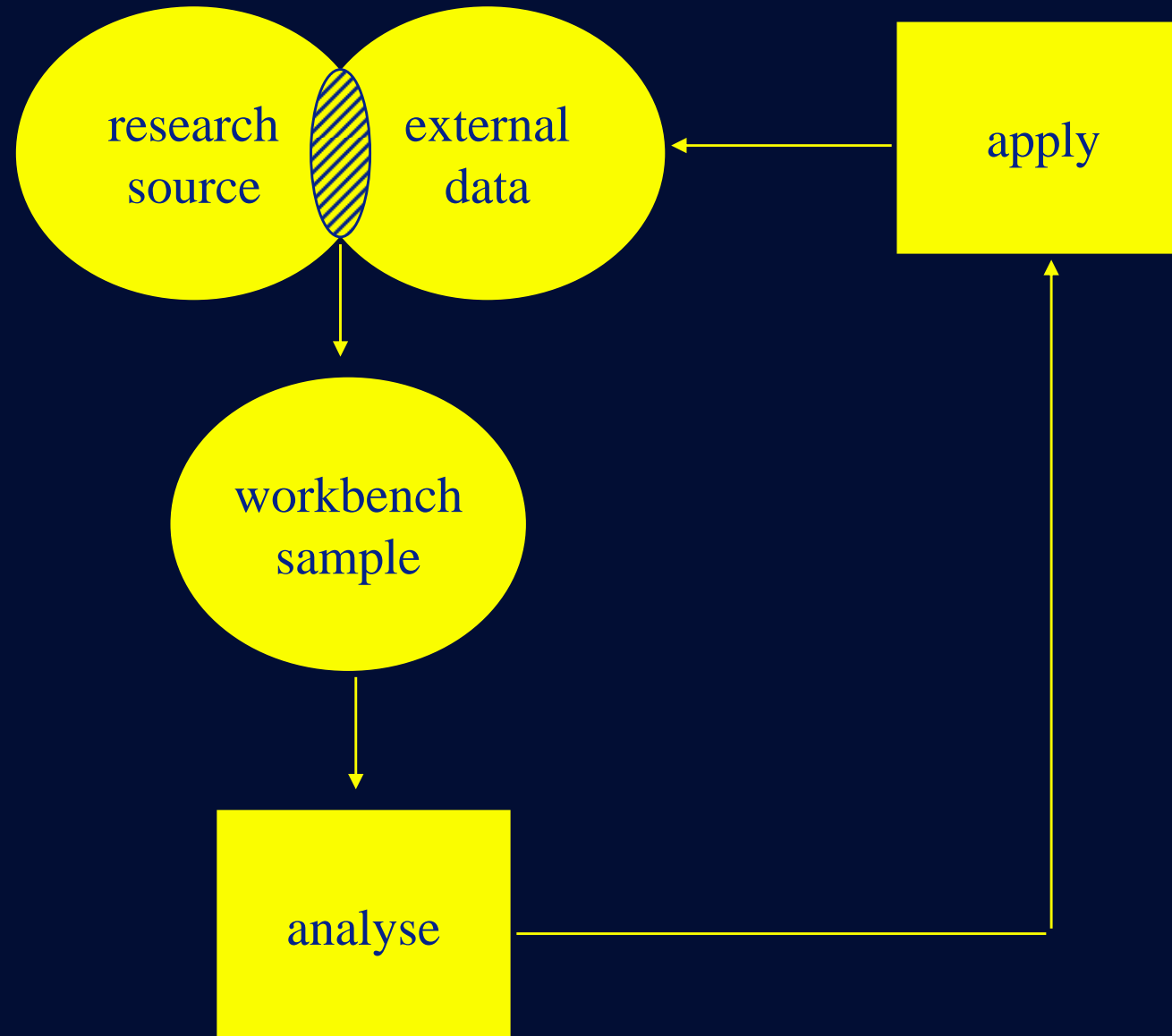
# *Approaches to Linking*

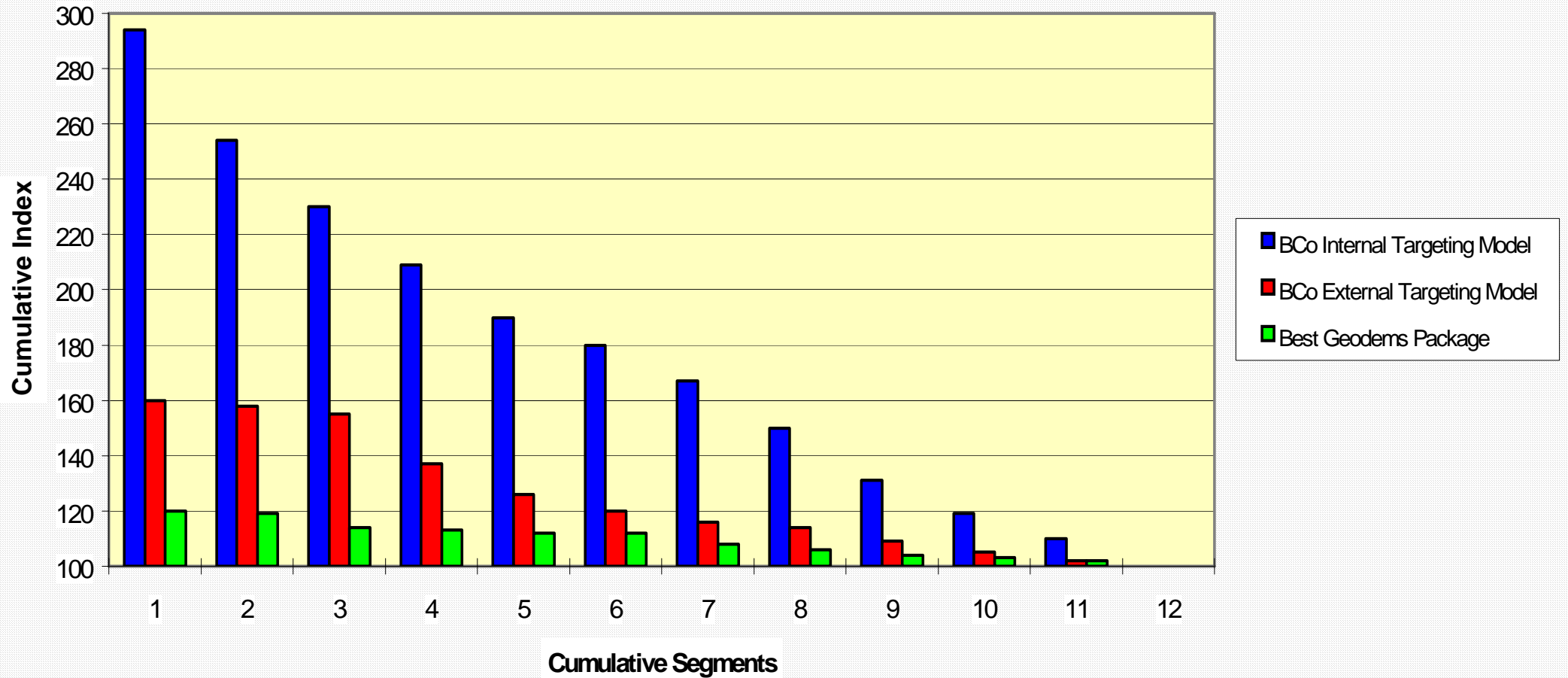## Offline     or     Online?

# *Offline Linking*

e.g. Geodemographics

research source → profile → external data → application

# *Online Linking*



research source

external data

apply

workbench sample

analyse

Internal Targeting Model Compared with External Targeting Model and Geodems Package

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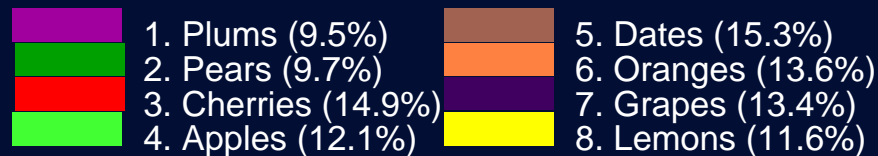# The Starting Point is Research

Research can ...

- Measure attitudes, motivations and marketwide behaviour

- Create survey segments

- Define target groups

- Describe segments in detail

# An Example from the Financial Services Industry

## The FRuitS Segmentation

Financial strength

| Savings | None | None | None | Moderate | Moderate | Moderate | High | High | High |
|---|---|---|---|---|---|---|---|---|---|
| Income | Low | Average | High | Low | Average | High | Low | Average | High |
| **Lifestage** | | | | | | | | | |
| 1. Young, Single | | | | | | | | | |
| 2. Single, 25-34 | | | | | | | | | |
| 3. Young Couple | | | | | | | | | |
| 4. Young Family | | | | | | | | | |
| 5. Older Single | | | | | | | | | |
| 6. Older Couple | | | | | | | | | |
| 7. Older Family | | | | | | | | | |
| 8. Empty Nester | | | | | | | | | |
| 9. Retired Couple | | | | | | | | | |
| 10. Retired Single | | | | | | | | | |
| | | | | | | | | | |

**Legend:**

1. Plums (9.5%)
2. Pears (9.7%)
3. Cherries (14.9%)
4. Apples (12.1%)
5. Dates (15.3%)
6. Oranges (13.6%)
7. Grapes (13.4%)
8. Lemons (11.6%)

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# FRuitS Segment Product Holding Indices

| | CURRENT ACCOUNT | BANK/B.SOC SAVINGS | NATIONAL SAVINGS | STOCKS & SHARES | CREDIT CARDS | MORTGAGE | BANK/B.SOC LOAN | HOUSEHOLD INSURANCE | LIFE/TERM ASSURANCE | PPP |
|---|---|---|---|---|---|---|---|---|---|---|
| **PLUMS** | 127 | 142 | 174 | 352 | 223 | 190 | 112 | 143 | 146 | 191 |
| **PEARS** | 117 | 143 | 176 | 263 | 140 | 53 | 29 | 140 | 110 | 75 |
| **CHERRIES** | 122 | 135 | 118 | **109** | 179 | 240 | 220 | 139 | 122 | 192 |
| **APPLES** | 100 | 133 | 103 | 64 | 91 | 152 | 156 | 120 | 116 | 171 |
| **DATES** | 83 | 125 | 153 | 77 | 60 | 23 | 18 | 122 | 136 | 14 |
| **ORANGES** | 84 | 131 | 106 | 58 | 59 | 36 | 90 | 34 | 37 | 69 |
| **GRAPES** | 109 | 0 | 0 | 0 | 74 | 110 | 133 | 81 | 80 | 109 |
| **LEMONS** | 73 | 0 | 0 | 0 | 20 | 15 | 24 | 51 | 76 | 6 |

Legend:
- index value >= 150
- index value 100-149
- index value 50-99
- index value <50

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# FRuitS Distribution for Credit Card Brands

# *Market Research or Customer Research?*

## *Market Research*

- MRS code
- anonymous respondents
- syndicated databases
  or bespoke surveys
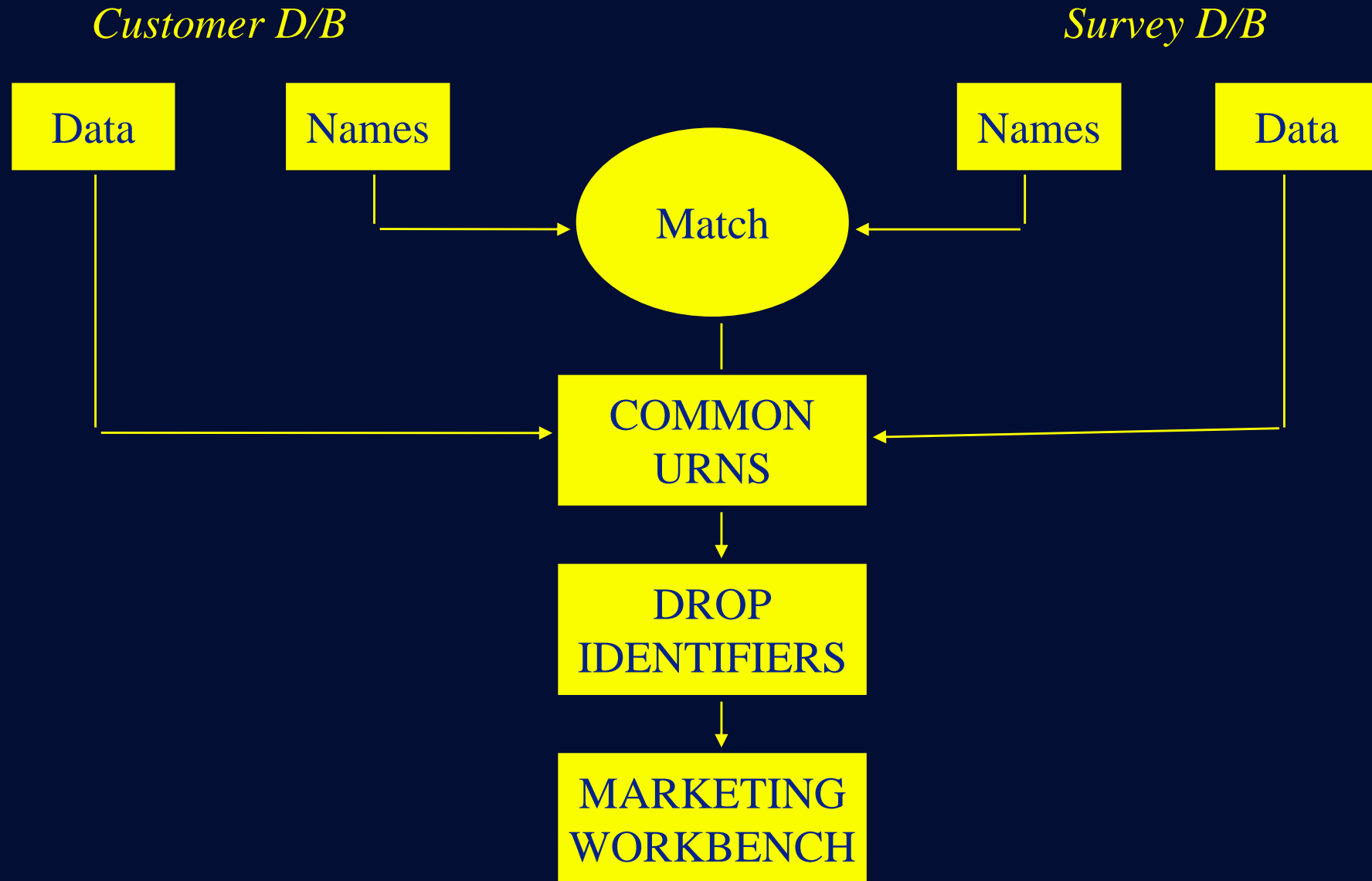- in-depth techniques
- unbiased results

## *Customer Research*

- no MRS code
- respondents may be identified
- bespoke basis
- range of techniques
- bias depends on topic

*If respondents have to be kept anonymous, how can the Online Linkage with Market Research be achieved*

MRS Database Guidelines (1995)

# Market Research Linkage - Workbench Creation

*Customer D/B*

*Survey D/B*

Data

Names

Match

Names

Data

COMMON URNS

DROP IDENTIFIERS

MARKETING WORKBENCH

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# Ethical Issues

## ... and How to Satisfy?

- Data Protection Act

- MRS Code

- Industry Codes

→

- Fair processing

- 3rd party bureau

- Confidentiality

- Anonymised matched sample

# *Contents of a Typical Marketing Workbench*

## Marketwide Data

- Product holdings and brands

- Holdings Values

- Demographics

- Segmentations

## Customer Data

- Product Holdings

- Transaction Summaries

- Relationship History

- Contact History

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# Workbench Outputs

## CUSTOMER PROFILING

Customer subsets profiled by:

- Demographics
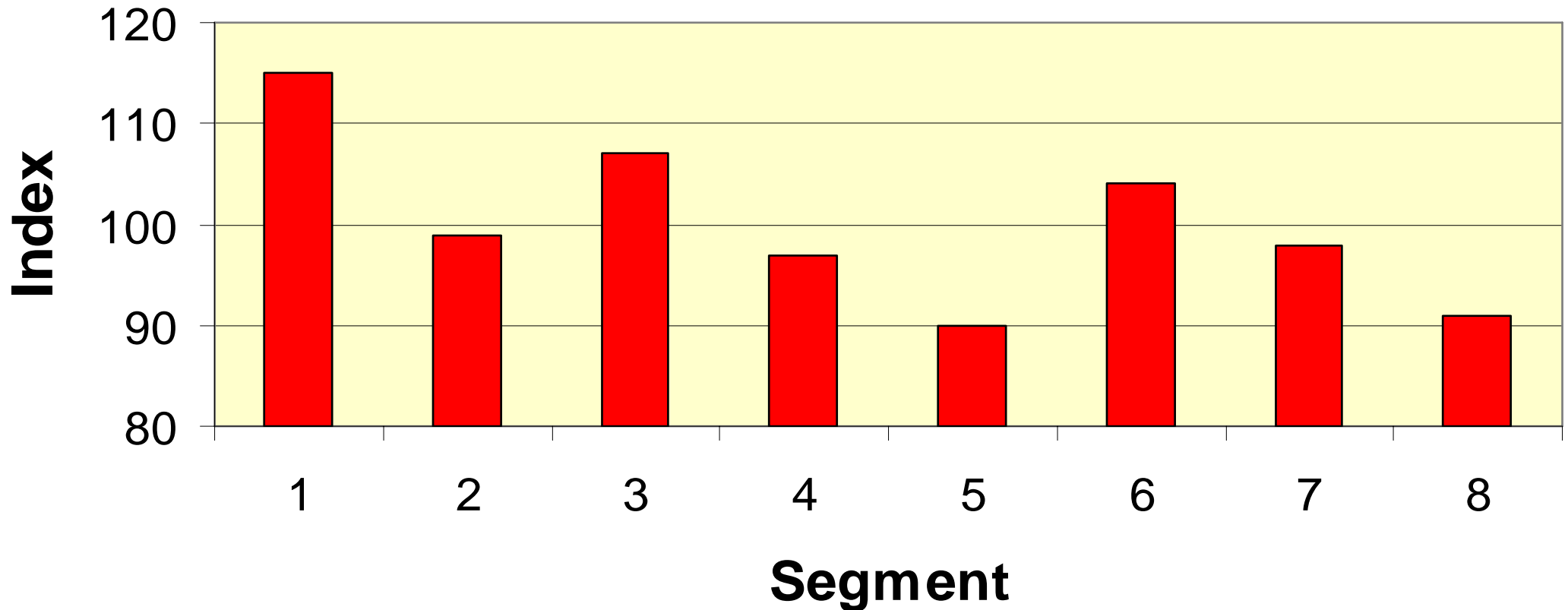- Segments
- Marketwide product holdings

## DATABASE OVERLAYS

Predictive models for:

- Segment membership
- Product holdings
- Channel preference

# *Example - Retail Card*

- Matched cardholder base to NOP's Financial Research Survey (FRS)

- Profiled customer dimensions vs demographics and product holdings

- Results informed effectiveness of customer communications

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# Incidence of Storecard Customers with Usage in Last Year by FRuitS Segment

Index vs Segment

Incidence of Profitable Customers by FRuitS Segment

Index

Segment

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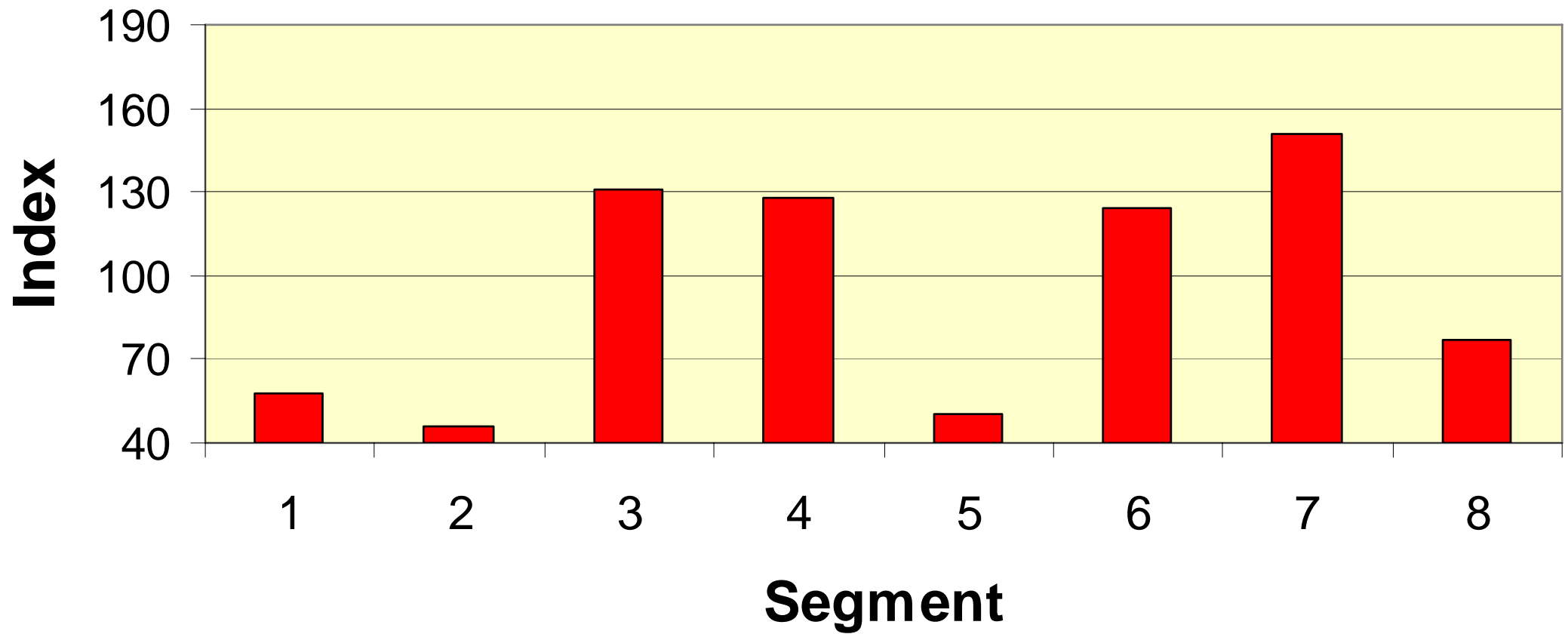
# Example - Prudential Gold PEP Campaign

- Cross selling PEPs to existing customers

- Offering Income *or* Growth proposition

- Targeting methods:-

  - Geodemographic
  - Propensity models
  - FRuitS Plums, Pears
  - Random Control Cell
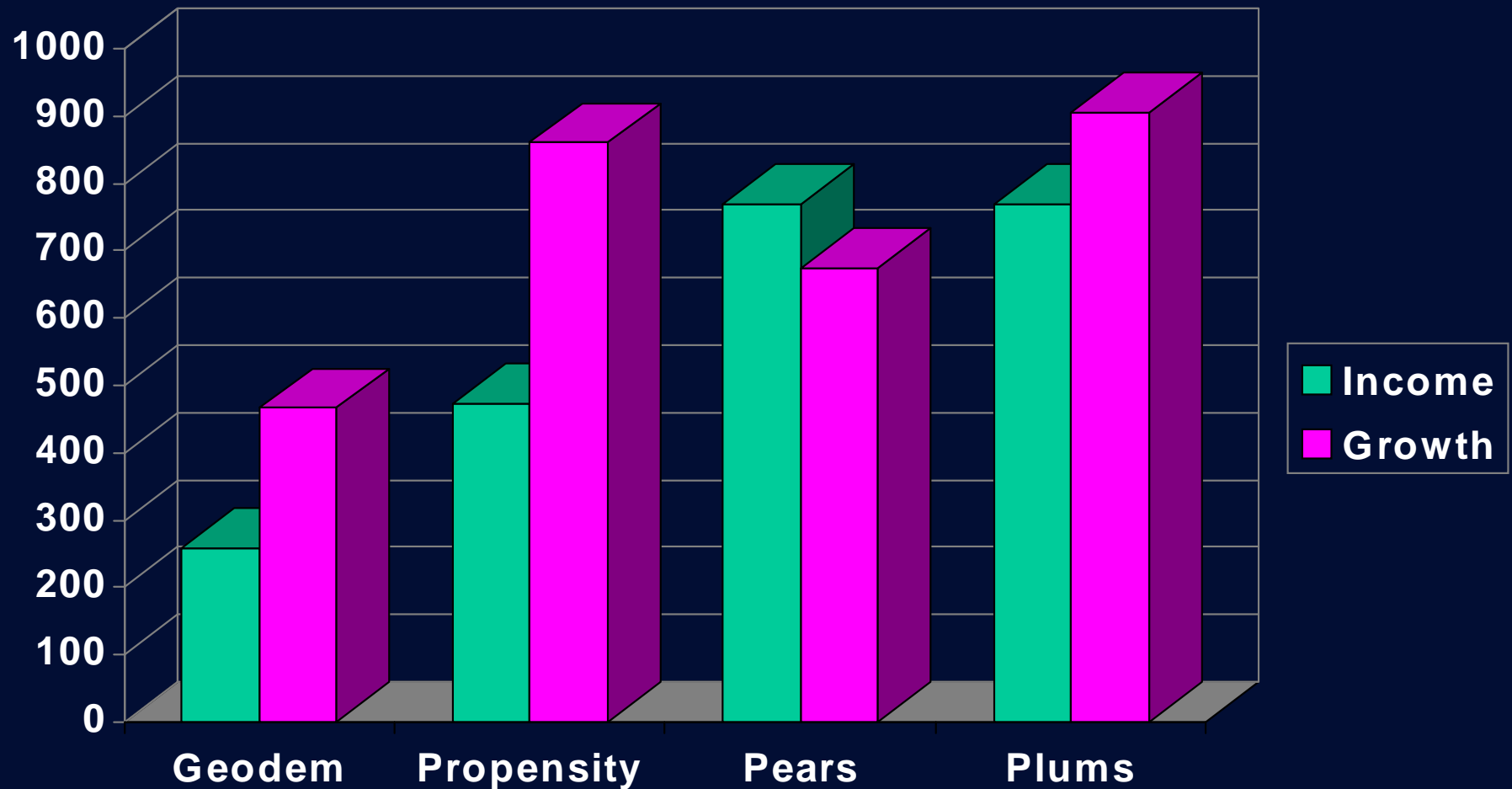
# The Index of £ Invested Per £ Marketing Spend

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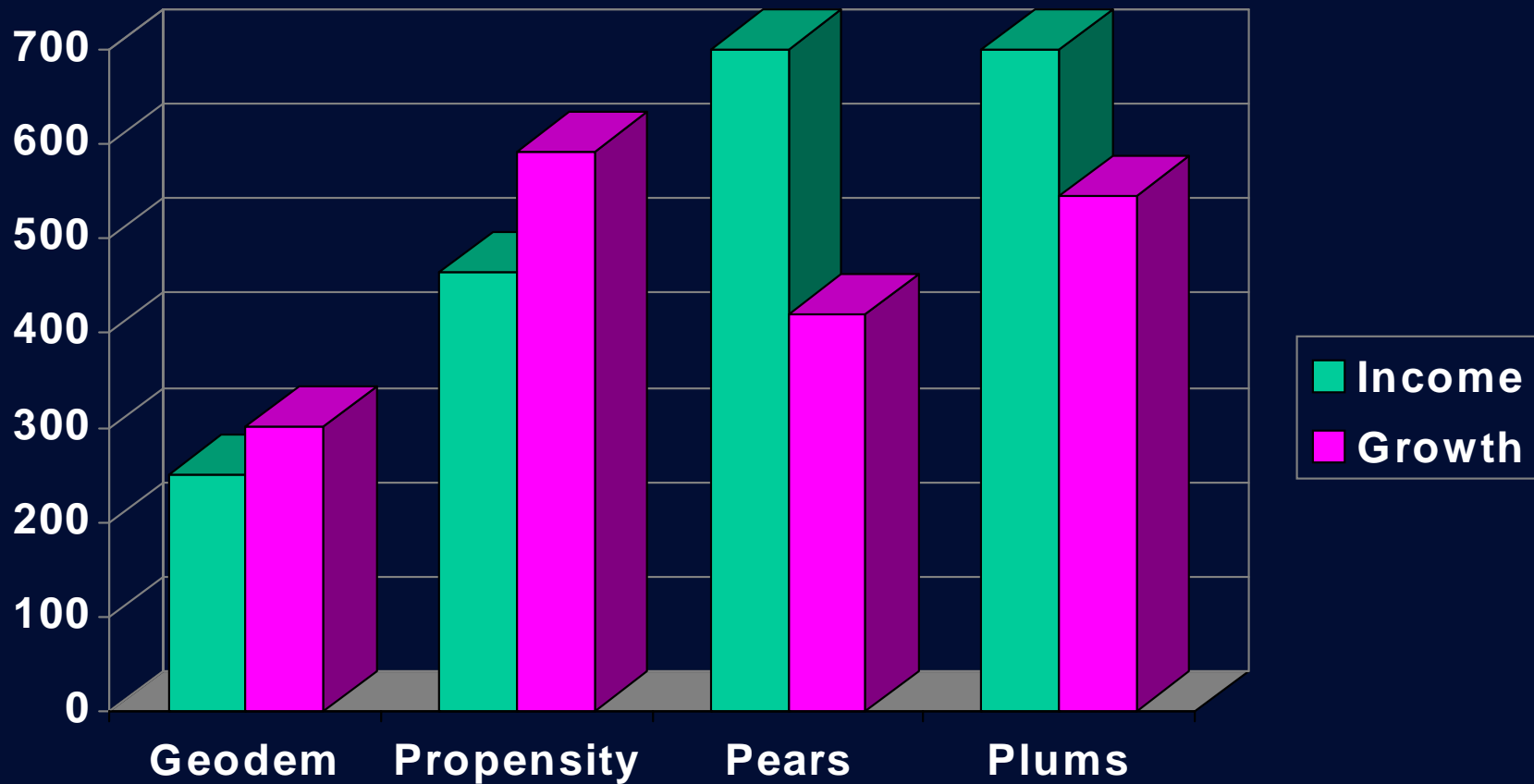
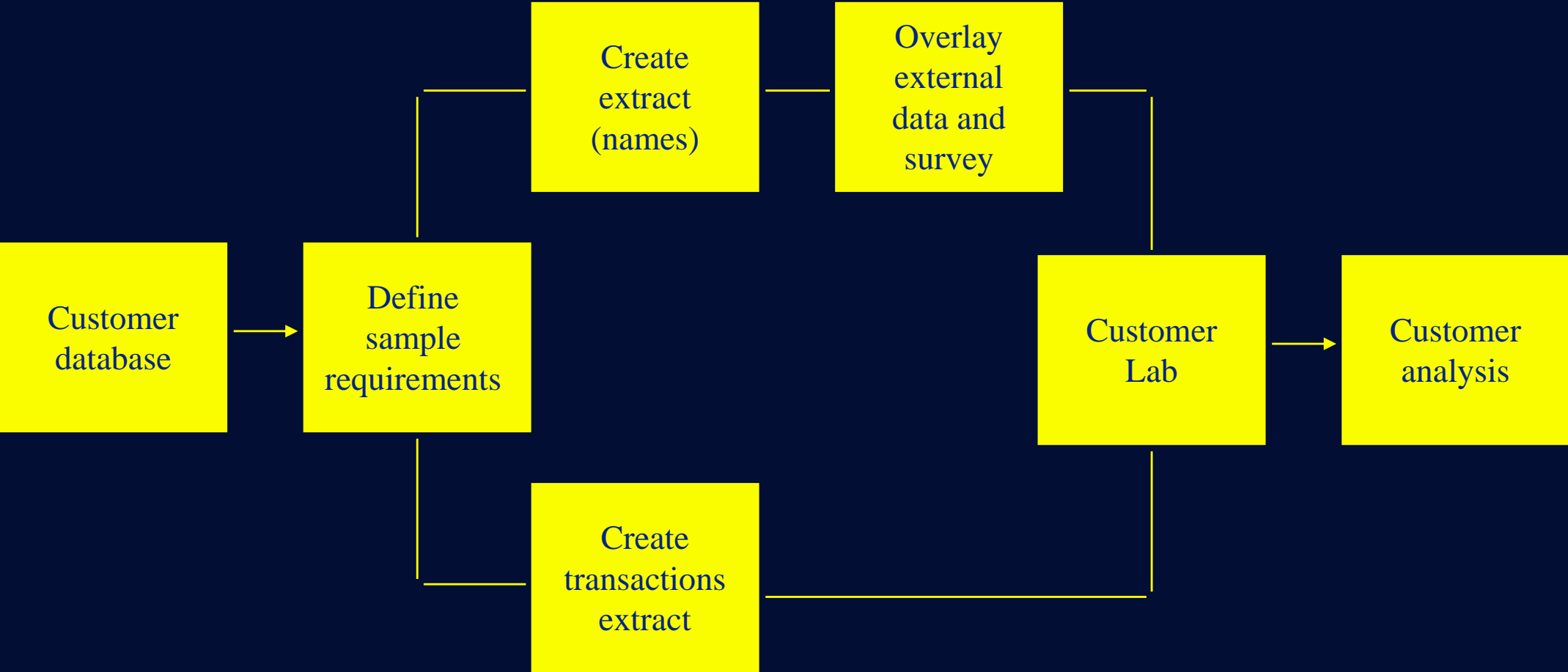# *Customer Research becomes Appropriate when ...*

- Customer base is 'niche'

- Research requirements and specific

  e.g.

  - outcome of enquiry
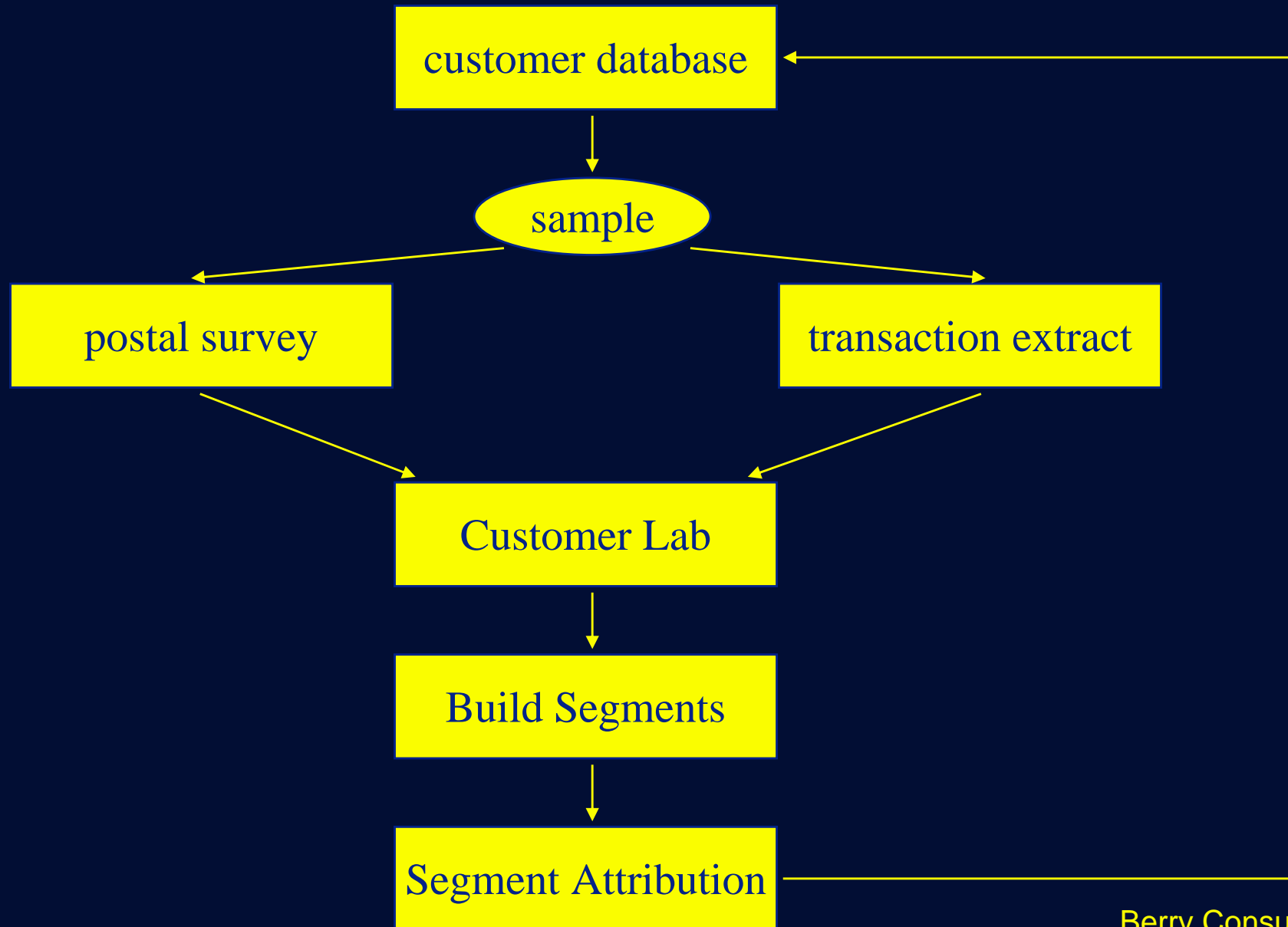  - attitudes and satisfaction
  - reason for leaving
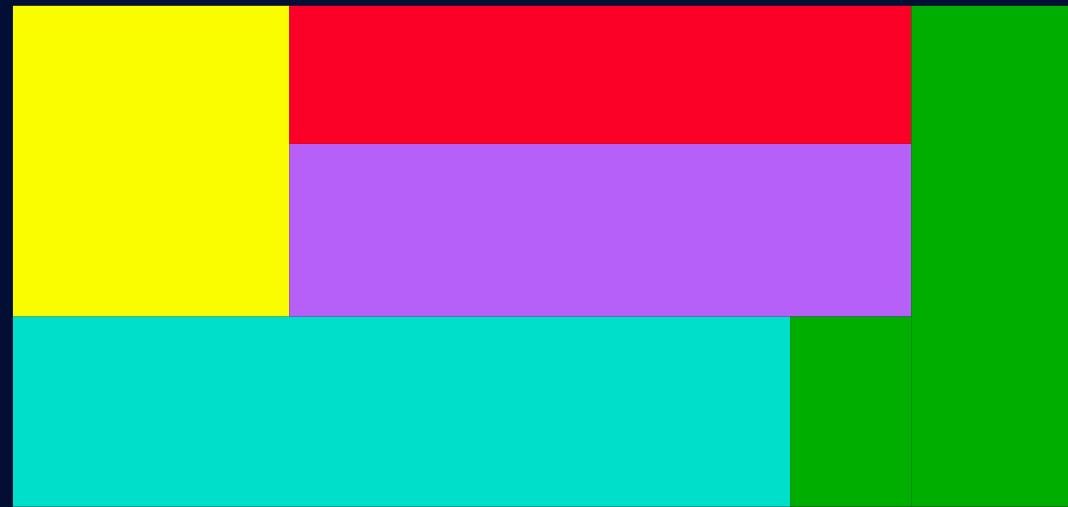
# *Customer Research Linkage - Customer Lab Creati[on]*

```
                    ┌──────────┐   ┌──────────┐
                    │ Create   │   │ Overlay  │
                    │ extract  │──▶│ external │
                    │ (names)  │   │ data and │
                    │          │   │ survey   │
                    └──────────┘   └──────────┘

┌──────────┐   ┌──────────┐                        ┌──────────┐   ┌──────────┐
│ Customer │   │ Define   │                        │ Customer │   │ Customer │
│ database │──▶│ sample   │                        │ Lab      │──▶│ analysis │
│          │   │requirements                       │          │   │          │
└──────────┘   └──────────┘                        └──────────┘   └──────────┘

                    ┌──────────┐
                    │ Create   │
                    │transactions
                    │ extract  │
                    └──────────┘
```

# Example - Investment House



customer database → sample → postal survey / transaction extract → Customer Lab → Build Segments → Segment Attribution → (back to customer database)

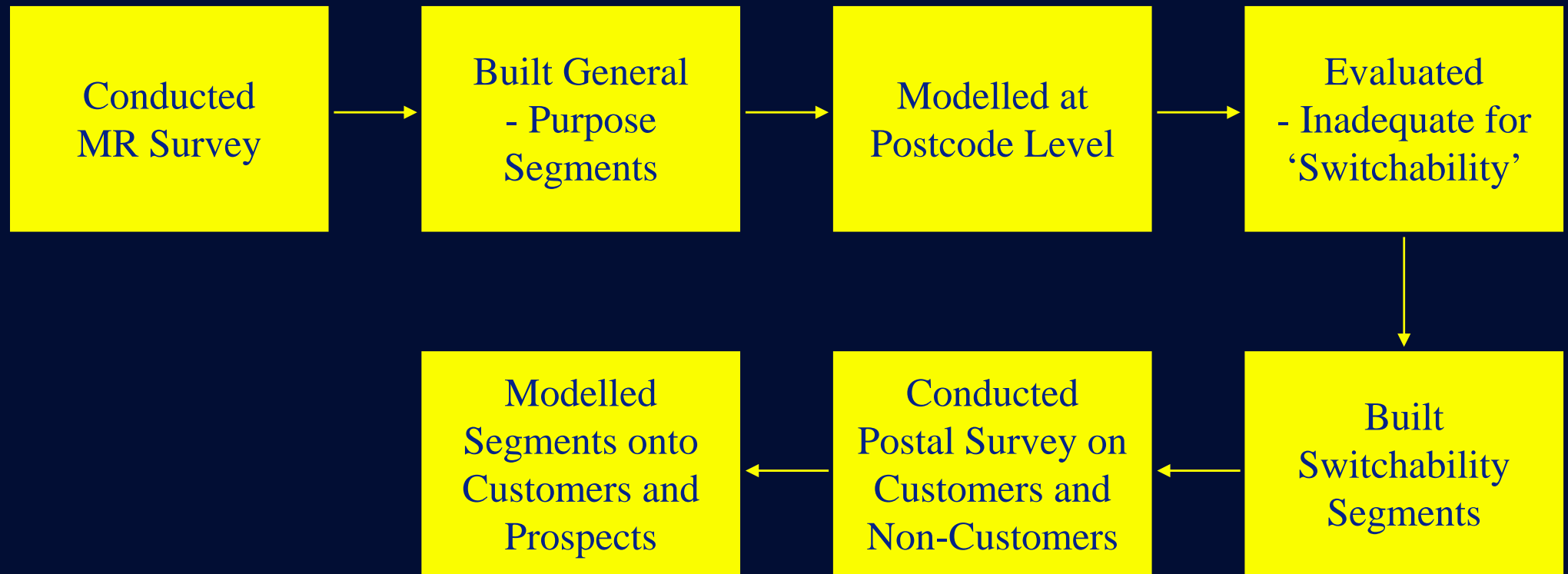Berry Consulting

Investment Activity Groups

Marketwide Wealth

- measured 'share of wallet' within cells and segments

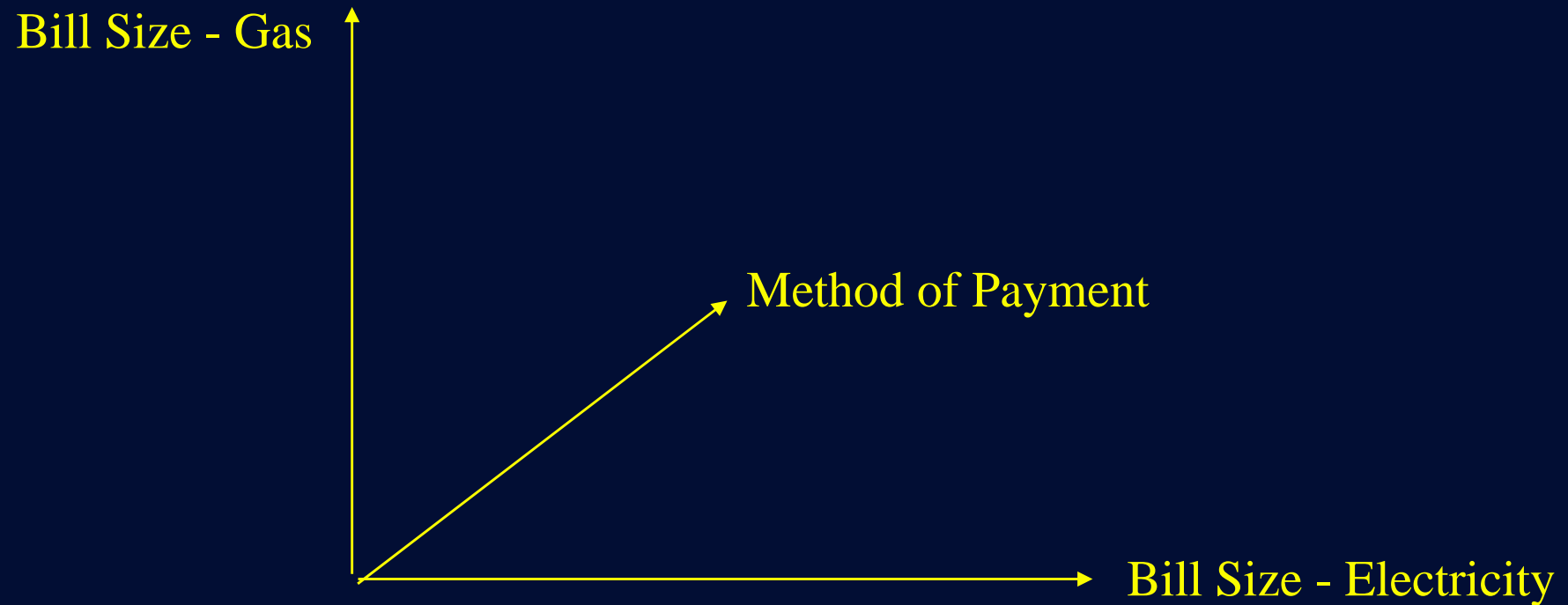- high shares corresponded to greater satisfaction with company

# *Case Studies*

# *Energy Supplier*

Conducted MR Survey → Built General - Purpose Segments → Modelled at Postcode Level → Evaluated - Inadequate for 'Switchability'

Modelled Segments onto Customers and Prospects ← Conducted Postal Survey on Customers and Non-Customers ← Built Switchability Segments

# The General-Purpose Segments were Profiled by G
## - Gas & Electricity Market Segmentation

Bill Size - Gas

Method of Payment

Bill Size - Electricity

*- Scores each Household on Equifax Dimensions Database*

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**GEMS Electricity - Size of Bill Profiles**

**Client Segment A vs Segment B**

Source : Equifax

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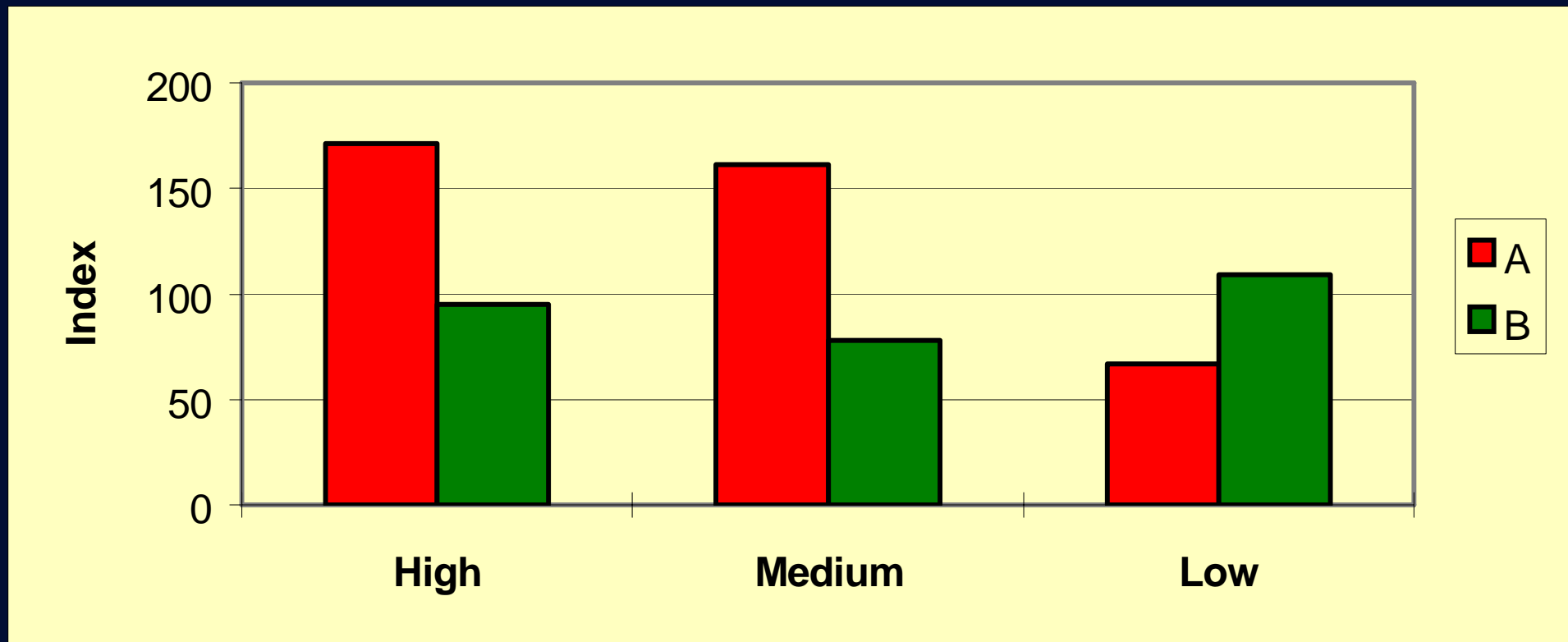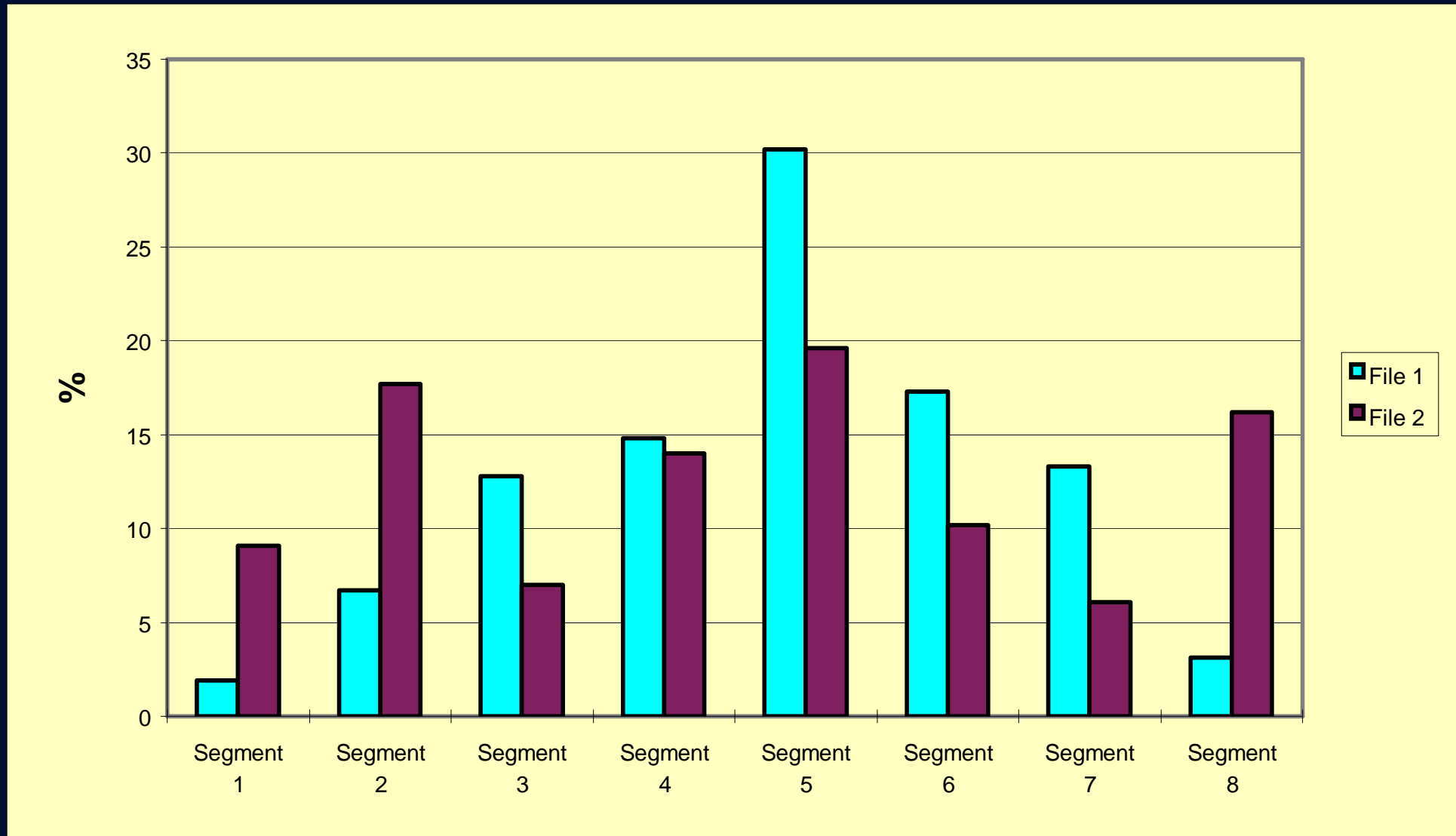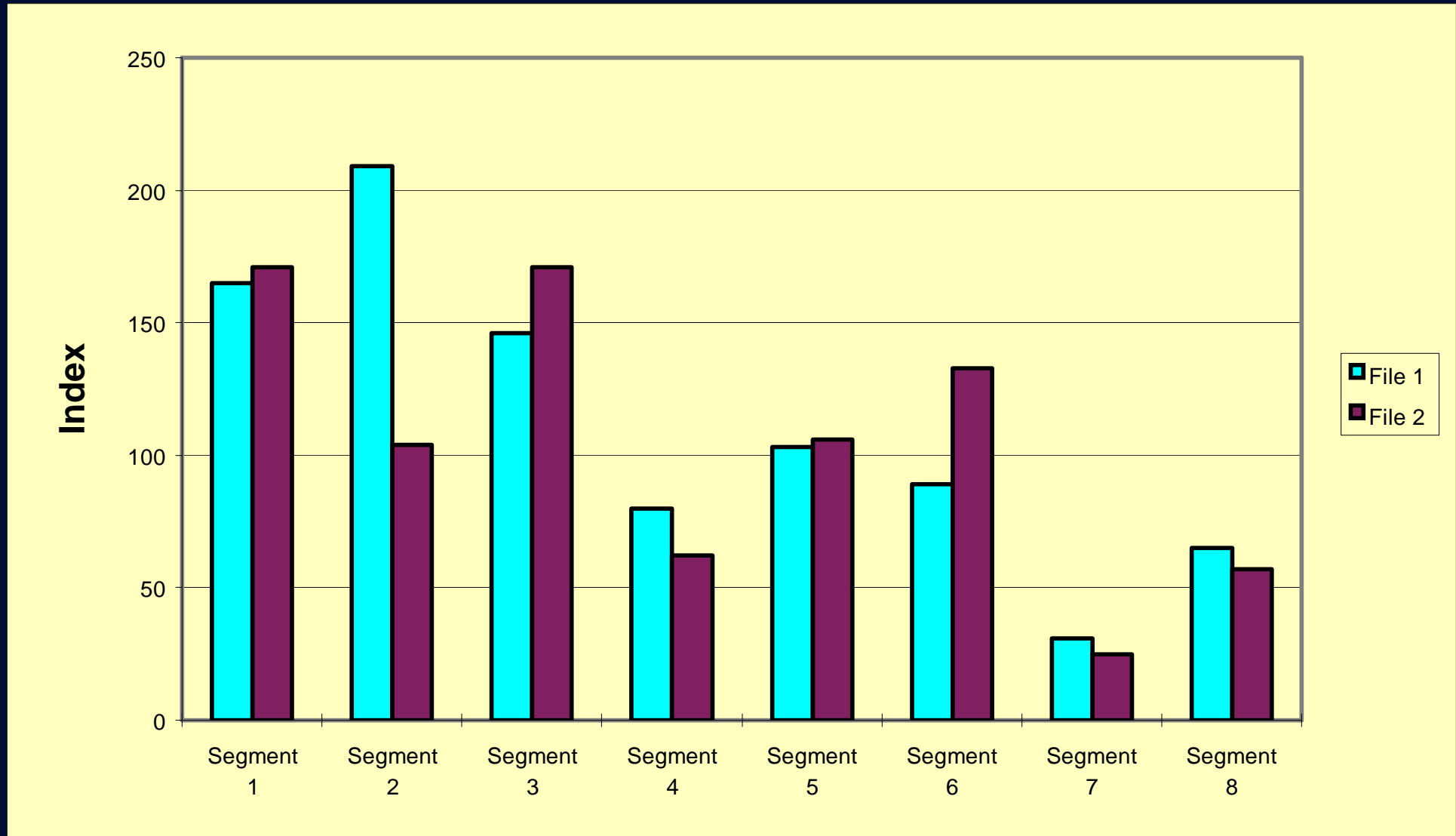
# *Bank Offering Personal Loans to Cold Prospects*

\*    FRuitS retrospective test on two direct mail campaigns

\*    Mailing files appended with FRuitS by matching to Equifax
      Dimensions database

\*    Compared distributions of

         Mailing files
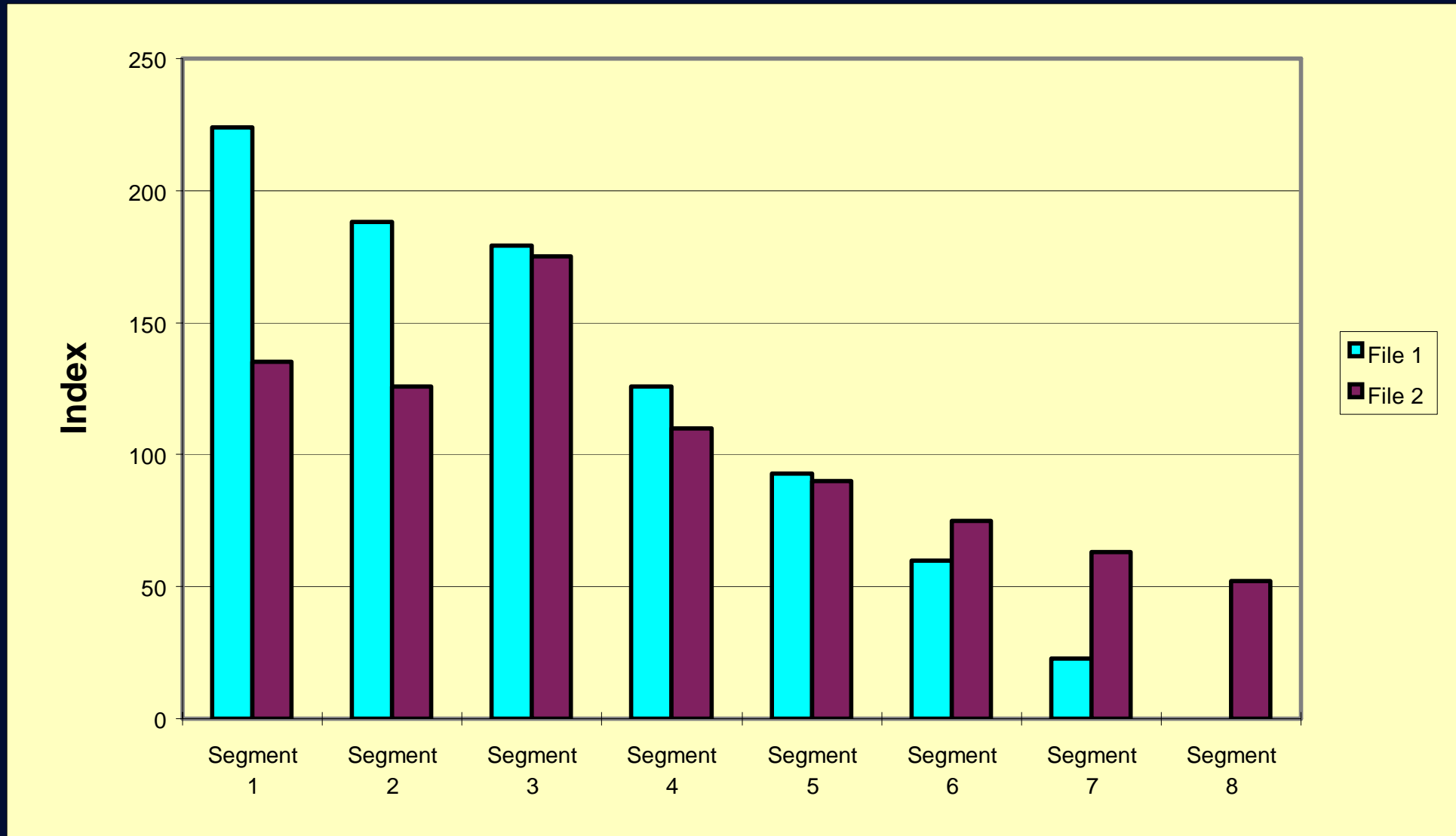         Response rates
         Loan accepts

      ... by FRuitS

# Response Indices Compared



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# Acceptance Indices Compared

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# Bank Case Study Conclusions

- If top 3 segments only had been selected, accept rate would have improved:

  +87% - Campaign 1
  +36% - Campaign 2

- Discrimination consistent and significant

- Best segments were not obvious - possible niche market

# *Conclusions*

- Data linking creates *rich source* of information

- On which data mining and modelling may be applied

- Research data can drive targeting and segmentation

  - market or customer research

- Enabling precise focus of marketing activities to meet business objectives