

It ain't necessarily so...

Are your best customers and prospects who you think they are?



Acxiom's **Malcolm Treanor** explains how data profiling takes the guesswork out of direct marketing.

Though marketing budgets continue to dwindle, marketers are expected to achieve more with less. Acquiring new customers is an increasingly demanding task in the competitive Australian market.

The lack of new and high quality consumer data for targeting purposes makes customer acquisition harder still. With the loss of publicly available data such as the Electoral Roll, the ever stringent privacy legislation and the increasing costs associated with the collection of fresh prospecting data, data providers struggle to meet the marketer's demand for quality consumer targeting information.

The primary goal of any marketer is to target a list of those most likely to respond to direct marketing campaigns or offers. Many lists are founded on customers and prospects presumed to be optimal performers – but are those assumptions always accurate? Removing the guesswork and replacing it with a more scientific approach can be achieved through predictive modelling technology.

Traditionally associated with only the largest retail and financial organisations, the concept of sophisticated modelling and analytics-driven targeting carries with it the stigma of daunting overhead expenditure. Thankfully, reliance on costly software and teams of in-house statisticians is no longer necessary.

Today, analytics-driven targeting is a viable option for every organisation and for every campaign. Solutions such as Acxiom's Data Profile Analysis provide access to high-volume prospect information without demanding large-scale investment, affording you the ability to create highly targeted prospect lists within hours.

The process of profiling customers and prospects enables you to learn more about them, pinpointing important demographic characteristics, purchasing preferences and

habits to identify those names that can be classed as best performers or optimal prospects.

You can enter your next campaign armed with better knowledge of your existing customers and a highly targeted list of prospects. You can also more effectively tailor your message to approach customers and prospects in ways that will foster an all-important sense of personal engagement.

Campaigning becomes more than hit and miss marketing as you identify those customers and prospects most closely fitting the profile of your target market, thus maximising the opportunity for response and acquisition.

An example of this is a major charity that found itself in the unexpected position of managing a sudden influx of donors following a major humanitarian crisis. Rather than spend its scant marketing budget on direct mail to the hundreds of thousands of names now contained within its database, the organisation employed data profiling to successfully determine which donors were likely to perform best if approached for ongoing support.

By profiling your customer data against another prospect list and identifying existing customer characteristics that are mirrored within the second population, you can build a model of fresh prospects that 'look like' your best customers. This takes the guesswork out of list selection by applying proven analytical techniques and replacing presumption with science. It also has the benefit of highlighting additional market segments that may previously have been ignored or unknown to you.

Take the example of a car manufacturer that uses above the line marketing to reach its two primary markets of twenty-something females and young couples. By using data profiling the manufacturer uncovered an untapped market segment: the older, affluent wife in a two-car family. While her

husband drove a luxury car, influenced by aspirational marketing, she was inclined to favour this manufacturer's car when in the market for the family's second vehicle.

While not necessarily mainstream, this customer profile represents a potential market that can be tapped via a niche direct marketing campaign. When used in conjunction with above the line marketing, targeted direct marketing enables you to extend your reach to encompass more of your overall market. One of the benefits of this medium is the capacity of marketers to tap a select market for a comparatively low cost.

Many organisations share the conviction that they know their optimum target market. While, in some cases, this may be true, the utilisation of data profiling and predictive modelling technology can broaden that view to uncover new areas of opportunity. Now as accessible as standard data hygiene, data profiling and automated predictive modelling is a practical tool that is quick and cost-effective. By scientifically determining best prospects while eliminating those least likely to ever respond to your campaigns or offers, data profiling delivers the improved campaign response rates and return on investment that marketers seek.

As the global leader in customer data management, Acxiom makes information intelligent. Our enterprise information solutions help the world's leading companies increase revenue, reduce cost, improve profit and lower risk. Our lines of business include data, data services and customer management solutions.

For more information visit:
infoau@acxiom.com or
www.acxiom.com.au.

ACXIOM[®]