



## Combine Database Research with Primary Consumer Research for a Richer Picture of your Customers

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### Customer knowledge is power

We all know that understanding customers and their needs and wants is the primary driver of successful businesses. This hallmark of our industry is one of the reasons that we have successfully gained share of wallet over the past 30 years. Yet how many great research projects end up collecting dust in some filing cabinet? Insightful primary customer research adds tremendous knowledge even to those companies with sophisticated databases. Artfully created, primary research informs a company's strategic direction.

### Database research

Much customer knowledge can be gained through database research, particularly with a true marketing database and the right tools to access it. But customer knowledge requires more than sifting through mounds of data to arrive at strategic direction which will drive change or improvement. While database research can be eminently useful in understanding the composition of a database and the purchase behavior of customers, it does not provide the complete and nuanced knowledge required for developing successful strategic change.

### Primary research adds qualitative information, the "why"

Primary research adds customer attitudes and intent about a company and its competition; it provides insight into the "why," "where else" and other qualitative measures. It allows you to ask about their decision making process and its influencers, barriers to loyalty, motivators of response, why they decide to shop with company versus the competition, and even their views of the economy and the future. It is amazing the things that customers will tell you if you just ask!

Primary research differs from secondary database research in a number of ways. First, you can tailor the research to answer precisely the question that you want answered. Second, primary research can give insight into both prospects and customers if prospects are included in the research pool. This will give insight into those who do not buy from you as well as those who do. This qualitative information can inform positioning, strategy and tactics in a powerful yet precise way.



### Primary Research can be cost effective and fast!

Many direct marketers fear that primary research is cost prohibitive. However, e-mail offers the ability to deliver surveys to your customers inexpensively. Customers do their own data entry. It is easy to survey many segments of your database including current and lapsed buyers as well as prospects. E-mail surveys are fast, with the relevant responses returning within a few days.

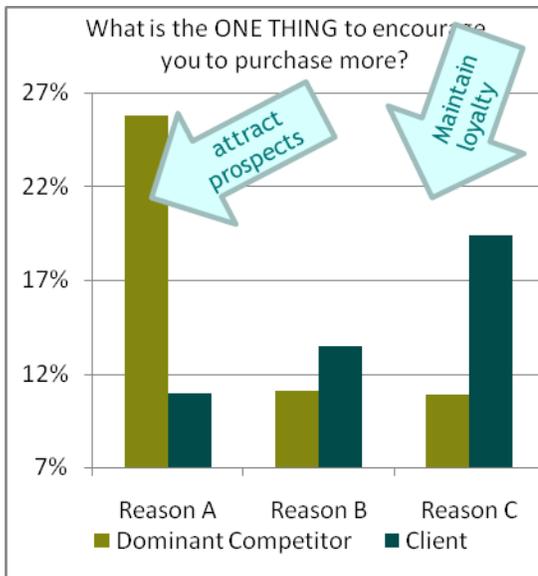
### How to Be Successful with Primary Research

Successful primary consumer research will incorporate these steps:

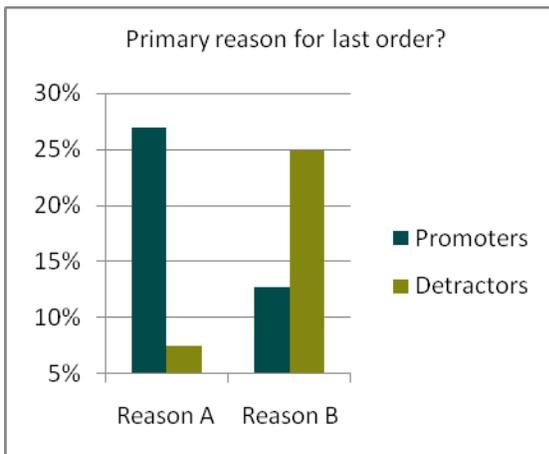
1. *Senior leadership buy-in.* When contemplating research, we find it helpful to ask, "What will the company do differently based on research findings?" Unless a company is willing to change what it does or how it does it, then research is merely academic. Having executive sponsorship is critical to success if research is to drive change.
2. *Spend time developing the right objective.* In our opinion, people do not spend enough time thinking about research objectives and often end up with lower-level tactical research. Strategic objectives will lead to strategic results. Time spent ensuring your research is at a high enough level will pay handsomely. For example:
  - Determine what drives loyalty amongst buyers, and what needs to be done to increase loyalty and decrease attrition.
  - Determine behavioral differences of heavy vs. occasional users to gain insight on how to improve financial results.
  - Understand why customers prefer to shop at the competition, and what can be done to better compete.
3. *Cross tab for the real power.* Averages cloud the data and hide real distinctions that exist among groups. We have found that the most insightful understanding comes from comparing responses of various customer segments and finding *the differences* in their opinions and attitudes. These insights fall into the following categories:
  - Behavioral - For instance, developing an understand of why heavy users are loyal helps in developing strategies to become more relevant to lapsed or occasional users. Sometimes the reasons for loyalty are surprising, not intuitive!
  - Attitudinal - Learning why some customers are brand promoters while others are detractors helps uncover hidden marketing segments and demonstrates operational weakness that must be fixed before profitable growth can be achieved. Additionally, price sensitivity can vary significantly across customer file segments, and understanding nuanced differences helps maximize marketing contribution while stimulating demand.



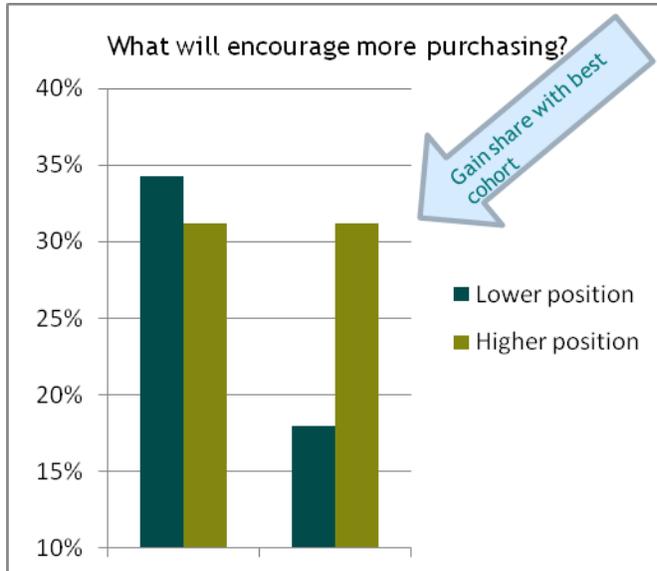
- **Channel** - Understanding which segments prefer to shop by which channel and *why* helps define strategies to convert single-channel users to more profitable multi-channel users. We can see which segments are under-represented and how to increase share of wallet.
- **Demographics** - Studying generational differences can show the path to being relevant to younger customers. We have also seen how variables ("filters") such as time on the job, position and income levels correspond with different decision making processes and purchasing cycles. Understanding these differences inform marketing, copy, promotional and contact strategies, and ultimately affects response rates.



**Competitive Insights: Strategies to capture market share.** Filtering responses by customers who shop with competitors can show what a company needs to do to increase market share at the expense of the competition. The slide on the left shows that if the client company continues to do "reason C" well, it will maintain loyalty with its best customers. Conversely, if it fixes its issues (Reason A), it could capture share from customers who shop more with the dominant competitor.



**Insights into the decision making process: Strategies for retention.** Filtering responses by promoters vs. detractors can demonstrate weaknesses in the company's performance that are negatively affecting loyalty. Reason B is price oriented and negatively correlated with margin, while Reason A (the reason why Promoters buy) is not. After understanding and fixing what creates detractors, the company will not be so dependent on "buy back" programs; which, in turn, will result in improved margin and retention.



*Insights into customer segments: strategies to inform profitable growth.* Not all customers are alike! Understanding differences in the needs of different customer segments (in this case, by level of professional position) helps us develop strategies to increase response rates from best cohorts.

4. *Make sure you have readable results!* A common mistake is to administer the survey to a population whose size is insufficient to support readability within cross tabs. Interpreting statistically insignificant results generally leads to the wrong conclusions and, ultimately, to a company's going astray.
5. *Spend time with the research findings to discover the strategic intent.* We find prioritizing the implications of the findings to be helpful in thinking through the strategic initiatives that are derived from the work.
6. *Getting organizational and senior leadership buy-in* to the results is critical. Decision makers should be thoroughly involved in the entire process, and especially in step 5 to insure that actionable change will occur as a result of the work.

### Get the Full Picture

Using both database research and primary consumer research will allow you to gain a rich picture of your customers, including their behavior, attitudes and beliefs. Learning the "whys" and "where else" can lead to strategies to drive profitable growth. It does not have to be difficult or expensive. The knowledge you gain by combining these two powerful tools will pay off handsomely.