

What do you really know about your customers?



by Phil Rubin, CEO of loyalty marketing firm rDialogue

When sales and profits are down (or up), companies don't always have a clear understanding of why. Unpacking the customer story behind the numbers can help leaders have sophisticated explanations for short-term results and take some of the guesswork out of long-term planning.

Knowing which customers are spending more or less is the ultimate metric for tracking and analyzing performance. Understanding customers starts with collecting data, and then translating data into insights to be more relevant—and loyal to—your customers. Ask yourself and your leadership team these questions:

1. Assuming you are capturing customer data (which for many businesses is unfortunately still an assumption) beyond basic demographics, what kind of customer data do you gather?

- Do we have an email address and permission to contact them directly?
- Do we know where else they shop?
- Where do they live and work?
- Can we track customers who check out products online and then go into a store to purchase, and/or the other way around?
- What do they respond to?
- Do we know when they shop and do not buy (lost sales)?
- What motivates them to interact, to purchase, to recommend you to a friend and to come back again?

2. How are we interpreting that data? Analyzing and incorporating customer data into business planning is the most important differentiator in contemporary marketing. Knowing how to segment and be relevant to customers who share similarities is critical to understanding and improving business performance, especially as Millennials and Gen Z replace Boomers and Gen X customers.

3. Are we using data to its full potential? As you get more comfortable using data and validating the insights, sharing patterns and inferences about customer motivations across the enterprise can and should influence everything from what products to stock and services to offer, and when; what to message and push out via digital promotions, and to whom and when; and all the ways to best say thank you, including which benefits you offer your most loyal customers and exemplary employees. Modeling this data can also help you source and reach your most likely prospects.

Using data to understand customers and develop loyalty is a fundamental requirement to future-proof any business. It's easy to be consumed with "big data" but in reality significant gains can be achieved with relatively

few data points. Companies that use data effectively to focus on the customer instead of the transaction can broaden how they measure success—and have a greater chance of getting there in the end.

As Peter Drucker famously said, “the purpose of a business is to create a customer.” It’s up to the business to make the most of that purpose.

Phil Rubin is CEO of loyalty marketing firm [rDialogue](#), which accelerates profitable relationships between leading brands and customers.