

Consumer Insight

Now is the time to focus on re-establishing, reinforcing and reinvigorating relationships with current customers by placing greater emphasis on the exploitation and application of existing data assets

Consumer's hopes & fears—major trends

Confidence is unlikely to improve significantly in the near future. Having said that, our analysis also shows that consumers will all react in very different ways to the downturn, depending on their socio-economic profiles – a key point for any organisation to bear in mind.

Many consumers have already changed or are planning to change their behaviour in response to the downturn, yet it is clear that the perceived threat does not always match the reality. Ironically, it is those people who are least likely to be significantly impacted who will be amongst the most likely to change their spending patterns in a knee-jerk response to the current economic climate.

To date, the symptoms of this change in mindset have centred on small, day-to-day and easy to make cut-backs. However, we are going to witness a major tightening of the purse strings around big ticket items such as holidays, cars and white goods. This will be compounded by concerns around the threat to household income.

Value for money is going to be at the top of the agenda for consumers in 2009. People will purchase, but only as long as it satisfies their appetite for a good deal. This incredible desire for value and a bargain is evident in the success of special offers and promotions, also the success of the discounters which will continue to play out throughout the year. It is a phenomenon that has largely been driven by consumer demand and word of mouth.

Furthermore, it also dovetails into another key trend and opportunity - websites encouraging user generated content and demanding consumer input are gaining popularity across the board, from teenagers to professionals. The bargaining power resides with consumers - and they know it!

Against this backdrop, 2009 will continue to be, especially challenging, for retailers. Lower demand and higher supplier costs will put pressure on retailers' margins as they absorb increased costs rather than pass them on to consumers. We are likely to see aggressive discounting, particularly on clothing and footwear and the electrical and DIY sectors are expected to struggle. All this will do for consumers is underline to them the position of power they now hold.

Turning insight into action – recommended learning points

Consumers' hopes and fears combined with their incessant drive for value, plus access to 'always on' media and information makes for a potent cocktail for organisations. All of these factors will see consumers become far less loyal and much harder to please. This is the age of what we call the 'empowered consumer': they hold all of the cards, they know it, and want more-for-less without compromising quality of service.

1. Make every conversation count

For any organisation, our recommendation is to make every interaction with a customer count. This means using scientific-like customer insight to anticipate and respond to changes in each customer's behaviour. This is about enriching the customer experience, knowing what makes purchasers' tick and responding at every opportunity to capitalise on new trends emerging between the customer and brand. It all begins and ends with data and analytics by tapping into a rich vein of customer data and augmenting it with additional intelligence gleaned across every touchpoint.

2. Focus on a cohesive contact strategy across all channels

In this new consumer landscape, tone of voice will be just as important as the message itself. That means organisations need to focus on really understanding their customers and what drives their behaviour. Now is the time to focus on re-establishing, reinforcing and reinvigorating relationships with current customers by placing greater emphasis on the exploitation and application of existing data assets. The enhanced knowledge derived from this approach and the move to a coordinated

customer contact strategy will lead to more profitable and longer relationships between brands and consumers

3. Work with consumer control, not against it

Consumers are taking control online, and will continue to do so in 2009, across all of their relationships with organisations. The most successful businesses will be those that are able to tap into this mood of empowerment by responding to genuine consumer demands through integrated communications channels.

Elsewhere, even businesses that do not naturally fit into the online community are exploiting the power of the Internet: for example, the restaurant sector is using the internet to attract customers by the use of discount vouchers.

The world is changing quickly, both in terms of consumers' hopes and fears and also the prosperity of the communities they are part of. Customer insight driven by data and analytic capabilities will become even more important in delivering up-to-the-minute information to organisations to enable them to react at speed to subtle changes in consumers' circumstances. Adapting rapidly and sensitively to these changes as control switches between the company and consumer will be vital to fostering long-term goodwill and brand loyalty.

Conclusion

The world has officially entered into recession. More brand name companies have gone into administration and 2009 has got off to an inauspicious start.

With 24-hour media and the Internet, consumers cannot avoid calamitous headlines or the ubiquitous blow-by-blow reports on the state of the economy. For the first time, consumers and business owners are more alive to the economy than ever before and this presents opportunities for companies.

Our analysis shows that perception is playing its part in fuelling the current situation with heightened sensitivity leading people to pull back on spending, through fear of redundancy or just a sense of foreboding. Our analysis also highlights precisely why, now more than ever, it is important that businesses focus on their existing customers to retain and maximise each individual relationship.

Today's consumer is not going to be wooed by subtle overtures – they want value for money and service par excellence, without compromise. This applies as much to the retail bank, utility company or credit card company, as it does to the high-street retailer. We are in the era of the empowered consumer.

The big theme in 2009 is continuing to be insight-led customer management, whether this relates to marketing, customer risk, or collections and recovery programmes. The same can be said of managing business relationships. At the heart of this new strategic thrust will be organisations' desire to anticipate and react to changes in consumer and business behaviours to ensure they adapt and diversify over the course of 2009. Quite simply, data and analytical insight knowledge will take centre stage in helping businesses to weather the storm and shape their future strategies.

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About Geo Strategies and Experian

Geo Strategies and Experian have teamed up to provide information, analytical and marketing services to organisations in Romania to help manage the risk and reward of commercial and financial decisions. Combining their unique information tools and with an understanding of individuals, markets and economies, our teams of consultants work with organisations across industries to establish and strengthen customer relationships and provide their businesses with competitive advantage.

From services in contact strategies, customer journey, CRM and data strategies, to Mosaic consumer segmentation, Micromarketer area analysis and profiling, to the application of customer driven insight and targeting, channel mix - we can assist.

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To find out more about what Geo Strategies could do for your business in Romania go to www.mosaic.geo-strategies.com