

# A new approach to customer segmentation

A practical guide to Experian AudienceView

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## What to expect from this guide

This paper highlights the benefits of using segmentation to really understand your customers, namely through the use of Experian AudienceView, a state of the art customer segmentation tool. You will discover the key benefits of Experian AudienceView, how it works and how it can help you know, get and keep your customers better. We have also included a case study to demonstrate the power of Experian AudienceView in the Automotive industry.



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**“You will discover the key benefits of Experian AudienceView, how it works and how it can help you know, get and keep your customers better.”**

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# Why is audience important?

What does your average customer look like? It's a simple question every business has to address and yet a comprehensive answer is difficult to pin down. It's a struggle because your customers are all different, and trying to find the common elements which unite them to define your "average customer" inevitably leads to a rather bland picture of vague attributes.

The reality is that your audience cannot be defined by overarching themes: "18-24 year-old males" is too broad a category to adequately describe a customer base. Each consumer audience is a unique collection of individuals, defined by everything from their age to their favourite brand of chocolate bar. As customers become more savvy, more price-conscious and more fickle, understanding exactly who your audience is and how you can resonate with them has never been more important.



The economic climate will affect the niches within your audience in different ways. Experian Hitwise data shows that in the last two years visits to value shopping chains like Lidl and TK Maxx have increased by 25% as consumers have tightened their belts and become more thrifty in their shopping habits. The fastest growing demographics of visitors to these websites have come from the most affluent segments of the UK. The top 4% of British earners by net household income were 20% more likely to visit value shopping sites in April 2012 than they were in April 2010 – demonstrating that challenging economic circumstances will affect everyone, not just those with limited disposable income. Understanding customer behaviour and how those behaviours can change due to macro-influences can help you target the right people at the right time, and continue to flourish even through challenging circumstances.

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**“Increasingly, the mass marketing is turning into a mass of niches”**

Chris Anderson,  
author of *The Long Tail*

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**With so many influencing factors on your audience, and so many niches to try and cover, a blanket marketing approach will simply not cut it anymore.**

Without data and insight to guide you, campaigns become very expensive as poorly targeted messages fall on deaf ears and result in low returns. Truly understanding your audience is a cost saving exercise. It allows you to know which niches you need to be targeting, what makes those niches tick, and - most importantly - what is most likely to make them buy the products or services you have to offer. This approach will significantly reduce your cost per acquisition, and eliminates wasted messaging through online advertising, social and email.

**If you understand that audiences are becoming more niche, that consumer behaviour can be affected by micro and macro-economic factors, and that by taking a more targeted approach to your marketing strategy you can increase your ROI, then you know why audience is important.**

Moreover, you know why having your finger on the pulse of exactly what your audience is doing both online and offline is crucial to your business.

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## What is Experian AudienceView?

The thing is, none of this stuff is new or revolutionary. There has always been a need to understand customers better and a desire to cut costs by targeting more efficiently. However, there hasn't always been the technology to link and combine data sets to create a holistic view of your audience. Experian AudienceView is the next step in the evolutionary chain of audience segmentation and insight.

Many businesses already bucket their customers into different groups based on demographic data and use focus groups and market research to find out more about their preferences and attitudes. The problem here is that the application of top-level demographics data results in a vague description of your audience that fails to capture the deeper insight required to really know your customers. At one level, focus groups can start to add colour to these broad demographics and another layer of detail can be added by using search data to provide behavioural intent-based insights.

**Experian AudienceView allows you to define an audience by virtually any characteristic and then observe all of that audience's online behaviours continually and in close to real time.**

The weakness of this approach is that the data is static and can only offer a single snapshot in time of what the audience is feeling. Consumer spending habits, for example, are markedly different in December in the run up to Christmas than in January when budgets are usually much tighter. There are so many factors that can influence consumer behaviour, that a snapshot cannot truly capture an accurate portrayal of audience sentiment. What has been missing is the ability to interrogate an audience persistently over time - and that's where Experian AudienceView comes in.



Experian AudienceView allows you to define an audience by virtually any characteristic and then observe all of that audience's online behaviours continually and in close to real time. If you want to know what brand of nappies young mums in Oxford are searching for in August? Experian AudienceView can tell you that. Or perhaps you want to know what place doctors in Scotland most want to go on their summer holiday? Experian AudienceView can tell you that.

**It is no exaggeration to say that the possibilities with Experian AudienceView are limitless.**

And what makes Experian AudienceView so powerful is that, once defined, you can follow the trends of your chosen audience on a weekly basis - monitoring all of the websites they visit, what search terms they type into Google, how they move around the web - the list goes on and on. Using this tool you have the capabilities to monitor your bespoke audience dynamically over time, and watch how seasonal variations and major events affect your customers. You can then alter your marketing strategy to adjust to changes in economic climate, or react quickly to threats from an emerging competitor.

In addition, because AudienceView is an Experian product, we can overlay Experian Mosaic data to your audience to tell you about their offline habits as well. What newspapers do they read, how many holidays a year do they take, what cars do they drive? We can benchmark your audience against any one of over 500 variables.

# What makes Experian AudienceView unique?

AudienceView provides an incredible range, depth and richness to your segmentation. Here are some of the highlight's of its capabilities:

**Timeliness:** Experian AudienceView is a dynamic segmentation tool which allows you to measure the online behaviours of your specific audience on a weekly basis. Every website visit, every user journey made and every term typed into a search engine is available at your fingertips the week after it happened.

**Limitless Permutations:** The depth of the Experian Hitwise data gives us the capability to find highly bespoke niche audiences that are simply unattainable in smaller data sets. There are an infinite number of permutations available in the audiences we can create by isolating niche behavioural traits and combining those with other demographic variables. A selection of possible audiences are listed later in this paper.

**Depth of Insight:** Being able to understand all of the online behaviours of your niche audience gives you an extraordinary amount of data and insight into your customers. Experian AudienceView can show you not only how your customers are interacting with your website and brand but also how they are engaging with your competitors, some of whom you won't even know existed.

**Data Integration:** Experian AudienceView is a highly customisable tool, allowing you to combine different data sets from search, social, email and offline marketing to create even deeper insights and levels of understanding. This can be your own internal data or other Experian data. Mosaic segmentation provides a common currency of audience demographics which can be applied to both online and offline segments, increasing the range of analysis to include offline behaviours as well as online trends.

**Historical Data:** Not only does Experian AudienceView allow you to react to the constant change in online behaviours it also gives you access to two years of historical data for your given audience. This will allow you to compare current trends against previous years, and plan effectively for future campaigns based on historical trends.

**Flexible Access:** We realise that not all companies work the same. Some have dedicated research teams who like to get hands on and use the data themselves, others prefer a consultancy approach and want to be shown the insights without having to do the analysis themselves. We take a very flexible approach to the application and access of Experian AudienceView and are led by our clients' needs. This ranges from complete self serve access to the tool to our in-house team of experts conducting the research on your behalf to deliver bespoke custom projects.

**AudienceView gives you the capability to isolate highly bespoke niche audiences that are simply unattainable in smaller data sets.**

# What are the key benefits of Experian AudienceView?

AudienceView is the final piece of the puzzle in consumer segmentation, with the ability to link data from all of your multi-channel marketing strands.

You can see when your customers are most likely to open an email and what will incentivise them to buy your product. You can monitor how important social is as a driver of traffic to your website and what niche networks your audience is interacting with. Crucially it gives you ongoing access to your bespoke audience and shows you how they react to key trends and events that can have an impact on your business.



Experian data is all about helping you Know, Get and Keep your customers. Experian AudienceView will help you know who your customers are by closely analysing their online preferences and behaviours. It will then help you get more of those customers by identifying the acquisition channels they are most likely to respond to. Finally, once acquired Experian AudienceView can help you keep those customers that are so valuable to you by showing you what they want right now and anticipating what they will want in the future.

Experian AudienceView allows you to see how your customers behave through their online preferences and intention-based searches. Using this data means you can allocate marketing budgets wisely with highly targeted campaigns that are much more likely to convert, therefore decreasing your cost per acquisition and increasing your ROI.

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# Examples of audiences and applications

Below are some examples of audiences that can be modelled using AudienceView and the applications of how that data might be used to provide relevant and useful insight.

## Travel



- |                                 |                                       |
|---------------------------------|---------------------------------------|
| People travelling to New York   | New retirees looking for cruises      |
| Frequent flyers                 | Stag and hen dos                      |
| People who compare hotel prices | People living near Manchester Airport |
| Luxury travellers               | London commuters                      |
| Families who holiday            | Regular skiers                        |

**Application** - Where do gap year students want to travel next year? Isolate the students who have a propensity and available funds to travel and see which countries interest them most. Identify seasonal trends, and find the best time to offer gap year travel packages.

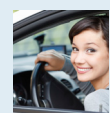
## Finance



- |  |  |
|--|--|
| People looking to change mortgage provider   | People who use finance aggregators                 |
| People who visit loans sites via paid search | People who buy health insurance and life insurance |
| Landlords looking for buy-to-let mortgages   | High net worth individuals                         |
| People buying Facebook shares                | People who have more than one current account      |
| Dog owners interested in Pet Insurance       |  |

**Application** - Who are you going to approach for a cross-sell opportunity? Identify those customers who visit the mortgage page on your website and search online for house insurance.

## Automotive



- |                                     |   |
|-------------------------------------|---|
| New car buyers                      | People looking for BMW, Audi or Mercedes vehicles |
| People selling second hand cars     | People concerned with MPG and CO2 emissions       |
| Vintage car fanatics                | Car sharers                                       |
| People with 3 or more cars          | Small businesses buying vans                      |
| People wanting to book a test drive | Caravan owners                                    |

**Application** - How can you get more customers to book a test drive? Isolate the test drive landing page of your website and compare the audiences that are arriving to this landing page vs your main website. Who are the people who are converting and what are the key attributes they exhibit that will enable you to target more people like this?

## Pharmaceutical



Medical professionals  
Smokers in Newcastle  
Women suffering from breast cancer  
YoYo dieters  
Worried mothers

Self-diagnosers  
People who suffer from back pain  
People who influence government policy  
People travelling to locations with a high risk of Malaria  
People at risk from heart disease

**Application** - What is the potential size of the market for your new drug? Analyse the industry and competitors in the space. Create archetypes of people who will be interested in using your drug and how you can influence them online without directly advertising to them.

## FMCG



People buying pet food online  
People interacting with Pepsi's social media properties  
New parents  
People who do not buy groceries online  
Foodies

Healthy eaters  
People looking for chocolate recipes  
Early adopters  
Marmite lovers  
Brand evangelists

**Application** - How can you engage with key influencers for your brand? Conduct deep dive analysis of the way consumers search for your brand and those of your competitors. Segregate the key influencers who search for your brand frequently and visit social media sites a lot. What other sites do these people visit?

## Retail



Bargain hunters  
Core customers – people who visit 3 times per month  
People living near your stores  
People buying a new mobile phone  
People who respond to your emails

Price comparers  
People who buy in-store but not online  
Social shoppers  
Last minute Christmas shoppers  
Basket abandoners

**Application** - When is the best time to launch your new product? Understand your core audience's appetite for your latest release and if competitors are already doing something similar. What channel is going to be the most effective to reach out to your customers to inform them of the product launch?

## Charity



Fundraisers

Regular givers

Blood donors

People who respond to natural disasters

Volunteers

Retirees

Fair trade shoppers

Marathon runners

Paralympic ticket buyers

**Application** - How can you get your customers to donate more? Look at the niche hobbies and interests your customers have to give you creative ideas for new campaigns that will engage them and encourage donations.

## Media



Regular readers

News junkies

Paid content subscribers

Magazine subscribers

Celebrity addicts

Tablet owners

Sports fans

People who only get their news from one source

Online video users

**Application** - How can you increase readership? Evaluate the current market of competitors. What other media are your customers consuming? Is there content they are offering that you are missing out on? Target the people who used to visit your competitors sites 10 times a month, but are now down to twice a month. Are they wavering and looking for a change?

## Telecommunications



- |                                    |                                     |
|------------------------------------|-------------------------------------|
| Pay as you go users                | Loyal customers                     |
| People looking for free SIM phones | High ARPU customers                 |
| Broadband speed checkers           | Tech geeks                          |
| Triple play customers              | People searching for phone upgrades |
| People looking to switch providers | Pay TV users                        |

**Application** - How can you convert PAYG customers to take a contract? Understand the two core markets of PAYG customers and contract customers. Look at the overlap in consumer types and find people within those types who have an interest in new gadgets. Target these people with a special offer to switch to a new contract.

## Agency



- |                                   |                             |
|-----------------------------------|-----------------------------|
| Loyal customers                   | First time property buyers  |
| Brand loyalists                   | Public transport users      |
| Social influencers                | People who live in Aberdeen |
| People on foreign social networks | Cinema goers                |
| Young professionals               | Eco warriors                |

**Application** - What's the best marketing channel to use for a new client campaign? Form detailed pen portraits of your client's customers then follow the consumer journeys made online from one website to another. Are they likely to convert through search, email, social or a mixture of these channels?

## Experian AudienceView in action – analysing new car buyers online

So how does AudienceView work in reality? Using the Automotive industry as an example we have put together a short case study which uses new car buyers as the niche audience.

We can isolate this niche audience by observing people's intent to buy a new car through search. An anonymous audience is created of people who made a search on one or more of over 250,000 unique search term variations driving traffic to automotive manufacturer websites that included the word 'new' a small selection of which have been included in the word cloud below.



So what can we learn about this audience of new car buyers? Perhaps most importantly, this group are heavily engaged with automotive websites, and in fact new car buyers are more than twice as likely to visit a manufacturer's website as the general online population.



By observing the key audience trends we can see that new car buyers are also sports fanatics and are 10% more likely to visit sports websites than the average Internet user but they are less likely to use email as a communication channel so this is not a great avenue to reach this niche audience.

New car buyers love German brands, especially BMW and Audi but are less enamoured with French cars from Renault, Peugeot and Citroen. Because of their familiarity with the industry, new car buyers also search differently than average consumers, and are much more likely to search for specific models and dash systems than broader generic brand searches.

Using Experian Mosaic we can quickly identify the demographics of people who are most likely to want to buy a new car. The Mosaic group Careers and Kids accounts for over 9% of the new car buyers audience, and are 27% more likely to visit a manufacturer website than the average Internet user. Careers and Kids are described as families with young children where both parents are likely to earn solid incomes providing for a comfortable modern home.

This group typically have a net household income of £30,000 to £50,000 are well educated and live in detached houses in the south and south west of England. Importantly for this client, Careers and Kids are most likely to visit the manufacturer websites of Mini, Audi, BMW, Renault and Mercedes and therefore represent an excellent group to target for high-end estate cars which can accommodate children.

This analysis just scratches the surface of the detail of insight that can be delivered by AudienceView but should give a flavour of the tool's potential.

**Using AudienceView we can quickly identify the types of people who are most likely to want to buy a new car.**

# Conclusion

AudienceView takes customer segmentation to the next level and gives you an incredibly detailed and granular insight into your customers. It allows you to create bespoke niche audiences based on virtually any criteria and can then dive into the online habits and behaviours of those audiences. AudienceView excels in its depth and timeliness of data uniquely combining segmentation assets from Experian's vast data assets.

In essence AudienceView is a state of the art segmentation and demographics tool. If you want to know how your audience interacts online, what websites they visit and what their offline demographics look like then AudienceView is for you.

# Appendix

To find out more about segmentation and how Experian Marketing Services can help you, please contact us using the details below.

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We regularly produce insights from Experian Marketing Services data. If you want to stay up-to-date with the latest online trends across a variety of sectors follow the links below:

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## **About Experian Marketing Services**

Experian Marketing Services delivers best-in-breed customer data and insight, digital marketing technologies and data management services into multiple regions around the globe. By helping marketers more effectively target and engage their best customers with meaningful communications across both traditional and digital media, Experian Marketing Services enables organisations to encourage brand advocacy while creating measurable return on marketing investment.

For more information, visit [www.experian.co.uk/marketingservices](http://www.experian.co.uk/marketingservices)

## **About Experian**

Experian is the leading global information services company, providing data and analytical tools to clients in more than 80 countries. The company helps businesses to manage credit risk, prevent fraud, target marketing offers and automate decision making. Experian also helps individuals to check their credit report and credit score, and protect against identity theft.

Experian plc is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. Total revenue for the year ended 31 March 2011 was US\$4.2 billion. Experian employs approximately 15,000 people in 41 countries and has its corporate headquarters in Dublin, Ireland, with operational headquarters in Nottingham, UK; California, US; and São Paulo, Brazil.

For more information, visit <http://www.experianplc.com>.





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