

Customers Are More Alike than Different

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I am often amazed at how companies slice and dice their customer base into a million slivers in a quest to meet specific needs while overlooking the basic needs of any customer—clarity, convenience, and confidence. Customers want to clearly understand what they are paying for, how to use the product or service quickly and easily, and to feel confident that they have made a wise choice.

+ AGE, SEX, AND MARITAL STATUS REALLY DON'T TELL YOU MUCH ABOUT THE INTERESTS, NEEDS, ACTIVITIES, AND BUYING HABITS OF A PERSON. EVEN CROSS-HATCHED WITH INCOME AND ZIP CODE, YOU ONLY HAVE THE VAGUEST OUTLINE OF A PERSON.

Why do so many companies fail to meet these fundamental needs?

They lose sight of the basics in a rush to make variations. It is worth remembering that vanilla ice cream consistently outsells other flavors two to one. This does not mean that ice cream parlors should only offer vanilla. But it does mean that they should always carry vanilla, even when they offer 26 other flavors.

Imagine if ice cream were an item that was direct marketed. Do you really think that The Emperor of Ice Cream Inc. would discern that my favorite flavor is black raspberry by knowing I'm a 45-year-old business executive living in suburbia and working in Manhattan? Of course not. But they could know if they sent me a sample of their vanilla ice cream and I liked it, and then they asked me what other flavors I might like. All too often, by offering customized programs to finer and finer slices of the customer base, a company loses sight of customers' basic wants and forgets the power of asking the customer instead of guessing.

Some databases are incapable of learning. I can only imagine the size of the database that Omaha Steaks uses. It seems to me that anyone who has ever flown through the Kansas City airport is in it. I've ordered from them many times but always to buy gifts; I don't eat red meat. My generosity has been rewarded by dozens of "customized" offers and phone solicitations. I have repeatedly told Omaha Steaks that I don't order for myself and that I don't eat red meat, yet their database continues to send me offers for filet mignon when it would make more sense to promote their gift packs and seafood to a customer like me.

Sadly, the quest for cost-cutting overrides common sense. My favorite is a telephone company who wanted to take the customer service phone number off the bill because "It encourages people to call." When the phone company doesn't want to us to make phone calls, you know that efficiency and cost-cutting have gone too far.

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The same phone company offered its “best” customers the privilege of speaking with a person and a “special” phone number. Positioning a basic service as a premium insults the intelligence of the customer. I didn’t feel special; I felt hoodwinked.

Now there is technology that monitors the tone of your voice as you respond to telephone prompts, and when it detects increased irritation it offers you a live person. Have corporate executives lost their minds? If they are so certain that they are causing irritation, remove the irritant. Don’t wait until I’m ready to strangle myself with the phone cord. Even letters to customers are often signed with a fictitious name so that the recipient cannot actually respond to the sender. The desired balance lies somewhere between treating all customers as nuisances and a few as deities.

A classic example of “special” treatment run roughshod over basic service is my recent stay at a hotel that made me feel as though I were in the twilight zone. Between automated check-in, self-service wake-up calls, video checkout, and low occupancy, I literally only saw one human staff member. All these “helpful” services forgot that I didn’t want to forsake human contact entirely. To me, it was creepy, not modern and efficient.

Who makes these streamlining decisions and why? They do it to save money in the short-term, but the negative impact on customer service stems from emotional and physical distance. When executives look at charts and graphs of staff-to-customer ratios, it is hard for them to feel the impact of their decisions. Similarly, a marketing solicitation may be fine in isolation; it is the frequency or lack of coordination with other mailings that makes them onerous.

Companies also tend to seize upon the wrong attributes as the basis for customization. For example, companies latch onto the idea of providing their most valuable customers with the most detailed information. Brokerage firms and banks who send their “top-tier” customers voluminous account statements are prime offenders. A company determines a valuable customer according to assets under management, so having more money means they get more information. This seemingly logical approach often backfires because individuals’ appetite for information rarely correlates with how much money they have or how often they make purchases. Rather, an individual’s penchant for detail is a personality trait. The only way to determine it is to ask them how much information they want to receive and how often.

Companies get lost on dead-end trails when they try to customize based on broad demographic markers. Age, sex, and marital status really don’t tell you much about the interests, needs, activities, and buying habits of a person. Even cross-hatched with income and ZIP code, you only have the vaguest outline of a person.

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There is great danger in generalizing about customer segments. Often, clients inquire about how different age segments use the Internet. Answering the question is pointless because age is only one predictor of computer use. Even within microsegments, it is difficult to predict similarities. If prediction based on data points was such an exact science, we’d all be content mail-order brides and grooms.