

ANALYSIS



Trendy millennial

Working mum

Are you targeting the wrong customer?

In this data-rich era, retailers should theoretically be able to identify and target their customers like never before. But is this happening? **Matthew Chapman** investigates

M&S chief executive Steve Rowe revealed at Retail Week Live this month that the company had too much data and was struggling to join the dots.

He also admitted that M&S had been losing customers for at least eight years.

When Rowe took the helm in early 2016, he said he was determined to reconnect with the retailer's core female customer – married women over 50 – who he labelled 'Mrs M&S'.

There have been many *Daily Mail* column inches and shareholder gripes about how M&S has lost sight of its core customer base.

Accusations are that, instead of catering for the older woman, the retailer's advertising and product design have swung towards the younger customer, as exemplified by its Rosie Huntington-Whiteley collaboration.

But are these criticisms fair?

"It is absolutely right for M&S to put its best foot forward with engaging aspirational modern casting like Rosie Huntington-Whiteley," says Richard Exon, founder and chief executive at advertising agency Joint.

"It is also really important that M&S takes its audience with it."

Exon, whose agency Joint launched Amazon Fashion globally and who was chief executive at M&S' former ad agency RKCR/Y&R, believes a common pitfall is when the portrayal of the brand is consistently at odds with its customer.

"It is entirely legitimate for a brand aimed at middle-aged people to put in their marketing individuals who do not fall directly into the target audience's demographic, but whom the target audience will engage with in an interesting and considered way," says Exon.

"What becomes damaging for a brand is where the disconnect between their casting and their broadly understood audience is so strong that it looks like they don't understand their own business."

Who is your actual customer?

A degree of disconnect between those portrayed in advertising and the actual customer need not spell disaster though.

"There is always a huge degree of aspirational marketing in any brand, and I think

quite often you find brands are disappointed when you share the reality of their audience with them," says Edwina Dunn, chief executive at data science company Starcount and founder of Dunnhumby.

"But if their results are good, I would wonder why it would matter that much."

This is arguably the case for Superdry. The retailer continues to post strong sales and profit growth, but there is a sizeable gap between its target and actual customer.

Superdry was founded as a cool youth brand. Its recent advertising campaign was called 'The Night is Young' and featured millennials and their after-dark adventures.

However, Superdry is also now commonly worn by 40-something Surrey-dwelling City workers.

Superdry is a victim of its own success and is facing the challenge of any mass-market brand. But if this stereotype cannot be shaken, there is a danger of losing its cool, which is the very essence of the brand.

"The thing that is an essential player all the time is your brand, and making sure what it is

For more on retail data
and customer insight
Retail-Week.com/Data



City worker

Affluent older shopper

**You can't be
demographically based
or behaviourally based
or attitudinally based.
It's a combination of all
those things**

Steve Rowe, M&S

your brand stands for," says branding expert Rita Clifton, chairman of BrandCap. "That is how to make a successful brand."

Burberry and Levi's are both brands that have had to struggle to overcome attention from unwanted sources.

The Burberry brand was famously hijacked by so-called 'chavs' in the 1990s, and Levi's was very concerned about the effect that Jeremy Clarkson had on its brand image when he became the unofficial 'face' of its jeans.

"You can signal the type of customer that ideally you would like the brand to be associated with, but the thing you can't control is the person who is the final user," says Clifton.

This is not to say that diversification of a retailer's customer base is not important. If anything, it's vital to prevent a retailer from stagnating.

"The thing that made Tesco very successful was a very simple strategy, which was 'something for everyone and more for a few'," says Dunn.

However, she points out that many retailers tend to focus on the 'few' that shop most with

them, and whom they know most about. But, to continue growing, retailers must boost sales across every customer, Dunn insists.

These businesses have a problem with "sparse data", Dunn says, which forces them to focus on the few people they know who are "hammered to hell" with marketing.

"What is left is a homogeneous group of very, very occasional shoppers and nobody really knows who they are and how to talk to them," she says.

Increasing segmentation

It can be the case that the target customer is not always the most profitable for a retailer.

One retailer that targets a 30-year-old female found on deeper financial analysis that it made the most profit from the 65-year-olds it was not actively marketing to.

This does not mean it should tear up its entire marketing strategy, but it should give the retailer pause as to how it approaches its overall marketing strategy.

"The key is not to judge which customer you want the most, but to encourage every type of

customer you have," says Dunn. "It is trying to understand there is a different value, a different type of purchase and a different nudge or offer you can give to those different groups, and it is about relevance and timing."

The rise and evolution of digital marketing is making the increasing segmentation of targeting possible.

However, even digital marketing can have its limitations.

Only 42% of ad impressions served by UK retailers were viewed by people of the age and gender that advertisers intended, according to research released by Nielsen in December 2016.

Dunn fears the impending introduction of the General Data Protection Regulation (GDPR) means that there is a danger that targeting the right customer will "go backwards rather than forwards".

"What is going to happen is people are going to retrench into the certain data [that complies with GDPR] and it will go back into the most simplistic and cautious of communication," warns Dunn.

Data should be used to forensically examine if a retailer's aspirational customer aligns with the reality.

"I've seen it happen before where you artificially create an audience because you've done lots of research, but it is actually not very true to who the brand is," says another ad agency chief executive.

He argues that having a strong sense of what the brand represents is vital.

"Brands like Gap and M&S have really washed out and are for everyone and no-one," he says.

Creating a sense of brand can no longer be as reductionist as boiling it down to simple demographics, but should consider notions such as a customer's attitudes and interests.

Rowe told Retail Week Live: "There is a Mrs M&S, but 32 million people come into an M&S store each year – you're all our customers.

"You can't be demographically based or behaviourally based or attitudinally based. It's a combination of all those things."

Dunn agrees and calls out demographics as being "completely outdated".

In today's world, demographics are being torn down and even the perceptions of gender are being challenged.

The scale of social change requires businesses to throw away the rule book.

"Brands are being much more human and insightful about how they are connecting with people and wrapping up their message," concludes Clifton. "These are very different days indeed."

Data allows retailers to double down on core customers while still appealing to a broad church.

Stereotypes based on demographics alone will be consigned to marketing history. **RW**