

How to find new customers

By Kath Walters, Gina McColl, Jane Lindhe and Anthony Sibillin | Friday, September 18 2009

Follow them onto their home turf and appeal to the traits of age, gender, job status or ethnicity that matter to them most.

Consumers are emerging from the downturn more powerful than ever. Companies that want to sell to them must appeal to basic identities or risk losing them for good.

Customers have never had more choice than they do now. Choice means power - the power to break anyone from car makers to airlines and clothing retailers that get their sales messages wrong.

The only way for sellers to get in front is to follow their customers onto home turf: appeal to the traits of age, gender, job status or ethnicity that matter to them most. Suppliers must understand their customers first as teens, parents, seniors, professionals - and fire their messages accurately into those niches.

"Suppliers are learning to be more forensic and to understand how to enhance their appeal to those niches," the director of customer-analytics firm Quantum Group, Tony David, says. "In the old days it was 'spray and pray'." The old days are not quite over. The rise of online advertising has tempted many companies back to a scatter-gun approach to marketing, digital strategist Camilla Cooke of direct marketing firm Wunderman says. "If you buy a lot of online media, it is very cheap and it is more expensive if you are specific."

Dividing - or segmenting - customers is the way to make the best use of marketing resources, time, people and money, says Juliet Anderson of Sydney strategic marketing company Anderson Knight. It is a way of pinpointing who is likely to buy a product or service, where they go for their information, and delivering messages that appeal to them and present the benefit of the product or service.

Segmenting by age is a good starting point: kids, tweens, teenagers and the inescapable alphabet generations - Xs, Ys and Is - as well as baby boomers - have many common interests, priorities and reading and buying habits. However, there is much more to discover in the "DNA" of customers. "Companies need to understand the stimulus for customers to buy, and not many do," David says. "The best customers - and I am painting a nirvana here - are those who are the lowest cost to acquire and retain, buy frequently, and advocate your product or service." Customer groups such as gays and lesbians or multilingual consumers who are shunned or ignored by some businesses can reward their sense of welcome by becoming strong advocates.

Marketing messages that work are based on understanding customer behaviour and their interests. "Fisher-Price makes expensive toys, and they discovered that the people who buy them are mothers and grandparents," a senior lecturer in marketing at Melbourne's Swinburne University of Technology, Barbara Evans, says. "So they took their ads off TV and did most of their advertising in magazine that mothers and grannies read."

The marketing mantra of customer relationships and brand loyalty is seductive and destructive, David says. "It is offensive - marketers talk about customer relationship management as a strategy to drive their customers to them. Actually, it starts the other way around: if a brand consistently delivers what it promises, customer will be prepared to stay longer and buy more."

Ethnic consumers

Almost one in five Australians speaks a language other than English at home, the 2006 Census found. Of these multilingual Australians, 17.5 per cent say they do not speak English well or at all. Yet judging by most companies' monolingual marketing, this is a group of 3.1 million people that local businesses are happy to ignore.

This is not only a lot of potential customers to be poorly understood. It is also a missed opportunity to secure their custom for decades to come. "If you target a community in their language, they won't really trust another company," the founder of Melbourne language-translation company Connect Language Services, Mark Saba, says. "And it is viral. Once one person takes your product or service on, most of the community will take it on."

Multilingual advertising and ethnic marketing are already "second nature" to United States and European companies, Saba says. Why are Australian businesses so far behind?

One reason is that local marketers emerge from university courses that ignore ethnic marketing. Another is that,

unlike marketing to women and seniors, the business case for focusing on non-English speakers is not yet firmly established inside most companies.

Further, businesses worry that having spoken to customers in their own language to get a sale, non-English speakers will expect after-sales service in Italian, Arabic or Cantonese too.

Unsurprisingly, it is big companies that can throw resources at these stumbling blocks that are moving fastest into ethnic markets. For example, Australia and New Zealand Banking Group recently expanded to 14 its network of specialist branches catering to the 700,000 people in Australia identifying as Chinese - a number they say will grow to more than 2 million by 2025.

"At these branches, at least one staff member (or more) will be able to speak at least Mandarin, and in many cases Cantonese," ANZ head of customer marketing Carolyn Bendall says. The bank's website also helps other non-English-speakers to find the nearest branch able to handle one of about two dozen languages.

The cost of focusing on ethnic markets is less than many businesses think. Translating a single product brochure into one other language costs between \$100 and \$200, Saba says. A full marketing campaign covering 10 languages would stretch this to at least \$20,000. But this includes running ads in ethnic media, which costs far less than mainstream media and delivers a whole new set of potential customers - for instance, the combined circulation of Sydney's Chinese newspapers trumps *The Daily Telegraph*.

Businesses with plenty of ethnic customers already should not take them for granted, Saba warns. They may be loyal to a particular staff member who speaks their language and not to the store or brand. The danger is that if this staff member leaves the business, the non-English-speaking customers may too. **Anthony Sibillin**

How to reach them

- Many ethnic consumers will be loyal to companies that cater to them because others ignore their needs.
- Pinpoint the languages and ethnic identity of your customer base.
- Translate advertising material into relevant languages.
- Advertise in the relevant language in ethnic newspapers and on websites.
- Employ staff who can speak languages other than English.

Professionals

High-income professionals such as company directors, doctors and lawyers have always been sought after by prestige brands, but as the economy has slumped, this consumer segment has become even more desirable.

This segment - about 15 per cent of the population - is less frightened by change and better able to cope with adversity, research by the chair of marketing at the University of Sydney, Paul Henry, shows. As a result, their saving and spending habits are far more predictable and resilient in a recession.

As highly abstract thinkers, the best ways of catching their attention is through campaigns that are visually sophisticated - more like art than straight advertising. "Abstract thinkers like things that are a bit incomplete," Henry says, citing the successful "art-house movie" series of ads for premium beer Stella Artois.

Aspirational marketing messages about status symbols actually appeal to those on their way to joining this upmarket niche rather than those already there, a consumer psychologist and lecturer in marketing at Victoria University, Michael Edwardson, says.

People at a senior level with considerable wealth are not interested in "masstige" products. "For people at the upper end, it's about invitation-only, not shouting about it," Edwardson says. Examples of such exclusive marketing include the Qantas Chairman's Lounge and American Express's Centurion Card (the black Amex with no spending limit), both of which are sold by invitation rather than marketed through mass channels.

Others believe that the luxury market has been affected by the downturn - and probably for good. "Frugality is the new black," the managing director of strategy and innovation at advertising agency DDB, Leif Stromnes, says. Conspicuous consumption is over and the furore over excessive executive salaries means that it is now a badge of honour for rich people to shop at David Jones rather than Gucci.

Stromnes cites Qantas' "premium economy" air travel as appealing to the sensibility of the times. "It's not about driving quality down. It's about repackaging and repositioning it to make it look sensible, not extravagant."

Gina McColl

Middle-aged men

Middle-aged and moderately affluent men couldn't be easier to reach - book spots in just about any sports coverage and you're sorted, marketing experts say.

The challenge is that their behaviour is difficult to influence. "They're a highly brand-loyal segment - largely to brands that have developed a lot of utility - and inherently stuck in their ways," the director of strategy and innovation at advertising agency DDB, Leif Stromnes, says.

"Mr Bunnings" or "grey-dollar fella", as a director of Monash University's Australian Centre for Retail Studies, Steve Ogden-Barnes, calls him, doesn't like to shop.

However, brands can reach him by appealing to his sense of camaraderie, Ogden-Barnes says. He cites Harley-Davidson Motor Company and outdoor lifestyle retailer Anaconda as brands that appeal to mature men using techniques such as newsletters, competitions and club-like activities.

"They don't like everyday shopping, but they do like special-interest, aspirational shopping," Ogden-Barnes says. The aspiration in these cases is to a hyper-masculine self-image.

In the downturn, as uncertainty drives consumer sentiment, brands that have successfully tailored their message to this demographic include car maker Kia, which has promoted an offer that if buyers lose their job, they can give the vehicle back. "That's an amazing sign of the times, and [of] the fear driving consumer behaviour, particularly among middle-aged men," Stromnes says.

Health-care campaigns have provided some innovative ways to reach men because their calls to action - diabetes, heart disease, prostate cancer - are particularly urgent. "Men don't respond; it's an ongoing [issue] for us," says the chair of marketing at the University of Sydney, Paul Henry, who previously worked in the health-care and pharmaceutical industries.

Unusual strategies include putting information where men are most likely to be engaged already. Some Bunnings stores have carried events for Men's Health Week, for example, including on-the-spot blood pressure, waist measurement and blood cholesterol tests, and a discussion with a doctor about healthy lifestyles.

Such micro-activities work - but they are expensive. The most cost-efficient way of getting men to act can be to tailor those messages - to women. "Using women to talk to men is probably the most efficient way of networking outside of mass media," Henry says. **Gina McColl**

How to reach them

- Sporting events are prime places to get men's attention because they appeal to their sense of camaraderie and masculinity.
- Clubs, newsletters and competitions are techniques that can help build opportunities to appeal to men.
- Micro events at a venue where men are already highly engaged in work, but can be expensive.
- Marketing to older men through their wives, daughters and mothers can be efficient and successful

Gays and lesbians

Type "gay and lesbian businesses" into Google and you may be surprised by the range of companies you find. Among them are "gay-friendly" accountants, construction companies, funeral homes, financial planners and lawyers.

However, mainstream companies also recognise the value of the "pink dollar" - a term many marketers consider outdated - and of developing marketing strategies to attract gay and lesbian consumers.

American Airlines has a business arm, AA Vacations, that services the gay, lesbian, bisexual and transgender communities. It offers more than 50 "gay-welcoming" destinations and holiday packages, along with special deals to coincide with events such as Gay Ski Week at Mt Whistler, Canada, and Lesbian Week in Provincetown, Boston.

In Australia, companies such as Optus and Foxtel regularly advertise on gay and lesbian websites to attract the demographic.

Turtle Cove Resort in Cairns, Queensland, has been catering to the gay and lesbian market for 16 years. It was established in the early 1990s by a group of men from Sydney and Melbourne long before "gay-friendly" became a marketing strategy.

Since then the resort has expanded from six rooms to 31 and is widely known. "But the market has changed," general manager Ross Palm says. "When it was formed there was a need to have a place where gay and lesbian travellers felt totally comfortable. Today there are more places catering to the market." Palm dislikes the term pink dollar. "It's a bit passé."

Turtle Cove is not exclusively for gay and lesbian travellers, but Palm says he is always aware of meeting the needs of its primary market. "If a football team wants to stay here, for instance, that is fine, but they would probably have to book out the entire resort."

Serving that niche market has kept Turtle Cove busy throughout the economic downturn. The focus on gay and lesbian travellers stretches the resort's advertising dollar further and provides a point of differentiation.

"A \$10,000 spend for us gets us access to a huge number of people, whereas an advert in a major newspaper would cost a fortune and not reach as many."

Tour company Intrepid Travel launched Out Adventures two years ago, a new product for the gay and lesbian community. Take-up has been slow, co-founder and director Geoff Manchester says, but this is the nature of entering a new niche market. "It can take about three years for these things to take off." **Jane Lindhe**

How to reach them

- Use gay and lesbian websites and print media to advertise.
- Know the market - and if you don't, attend and sponsor gay-friendly events to gain a better understanding.
- Be inclusive; having a "gay or lesbian only" customer base may be unsustainable.
- Be patient - it takes time to enter a niche market and build trust.

Singles (all ages)

A fast-growing and fast-changing category, the big news on singles, at least young ones, is that they are happily unmarried and they like living alone.

The Future Foundation in the United Kingdom recently released a report on this phenomenon, The Singleton Society, and researcher Professor David de Vaus, of the University of Queensland, is following suit with a research project called Living Alone in Australia.

People are choosing to marry later or stay single, and more are getting divorced. People move in and out of singledom, but the trend is for more people to spend more of their lives single, and more time living alone. Younger singles spend money primarily on themselves, while older singles often support children and/or ageing parents. Singles are more likely to have time, watch television, spend money on personal grooming, fashion and gym, have hobbies and surf the internet. Even those who would rather be in a couple prefer businesses that understand they are not desperate and dateless.

M.a.d.woman founder Melina Schamroth started a dating service with a difference last year called Single Volunteers that captured the changing mood of singles. "It is a program for like-minded singles to meet while putting back into the community," Schamroth says. "We have established programs like Cooking for a Cause, Gardening for Good and Speed Weeding, and we are looking to expand on this."

Participants enjoy the time whether or not they meet a potential partner. "People forget they are single at these events," Schamroth says. Chief executives, lawyers, accountants and blue-collar workers have all taken part. Interest started with younger age groups, but after talking on ABC Radio, baby boomers flooded Schamroth's website and she has also run gay and lesbian events.

Five years ago, singles was a young market, but now the biggest segment is 35-45 year olds, digital strategist at marketing firm Wunderman, Camilla Cooke, says. Nevertheless, they are a broad market. "They are more likely to be active on social media websites, and you might target them by time of day."

Single parents are surprisingly early adopters of technology, the author of a report, Singles in the US: The New Nuclear Family, Lisa Finn, says. "Even though their incomes are on the lower end, they are more likely to have the latest gadgets. Their kids keep them up to date." **Kath Walters**

How to find them

- More people are single for longer – and enjoy it.
- Never-marrieds spend on themselves, single parents are poorest, and older singles often have kids and parents to support.
- Singles spend time on social networking sites, and money on personal grooming.
- Single parents are tech savvy because their kids keep them up to date.
- Those who want a partner prefer services that do not emphasise their single status

Senior consumers

Silver surfers, grey consumers, seniors - every label for the over-60s adds up to an image that no one wants to buy.

Research shows "seniors" often see themselves as at least 10 years younger than their actual age. "Part of the issue is dealing with stereotypes," the chief executive of advertising agency Leo Burnett, Todd Sampson, says. "Avoid the grey-haired man and woman on the beach with the voiceover saying everything will be alright."

While seniors are a niche market today, as the population ages it will become a majority. "It will be the market, and yet no one today is really focusing on it because they think it is covered in broader communications," Sampson says.

Seniors have well-established identities and are keen to give back to society. Those who have money want to spend it rather than pass it on as an inheritance because their children have generally stayed home for so long. However, it is important to market to their interests, a lecturer in marketing at Queensland's Griffith University, Dr Deborah Griffin, says.

Seniors are worried about the future. Living in poverty in retirement is their primary fear but they are also worried about loneliness, illness and society going downhill. However, marketing directly to their fears will backfire, Sampson says. They respond to optimism.

Seniors have time to read and use conventional media. They are internet savvy too. "They are interested in unbiased information on the issues that matter to them," the managing director of market analyst Colmar Brunton's social research division, Joan Young, says. "They still read newspapers, and will read direct mail if it has their name on it and the topic interests them."

They are active on internet dating sites, and the remarkable amount of personal information they put on these sites is a goldmine for marketers, digital strategist at marketing firm Wunderman, Camilla Cooke, says. "So your message can be tightly targeted."

Seniors are discriminating, but also have powerful brand loyalties. "They know that those with more to spend can leverage the best deals," the director of customer-analytics firm Quantum Group, Tony David, says.

Kath Walters

How to reach them

- Seniors often don't identify as such - most see themselves as being at least 10 years younger than their actual age.
- They want to spend their money, not leave it to the (already overindulged) offspring.
- They have time to read - newspapers, direct mail and the internet.
- They want the pros and cons of issues that concern them explained.
- They fear poverty, loneliness, illness and society going downhill, but respond best to optimistic messages.

Ethical consumers

Seen as a faddish micro-trend a decade ago, ethical consumption has become mainstream as awareness of the social and environmental costs of production grows. Yet the "ethical consumer" is a slippery concept.

"Social responsibility means different things to different people," the chair of marketing at Deakin University, Michael Polonsky, says. It may mean fair trade to one consumer, having a small carbon footprint to another, and equal-employment policies to a third.

This variety of areas of ethical concern makes it risky for companies that wish to target the segment. Companies that claim superiority in only one area, such as environmentalism, lay themselves open to scrutiny in all.

The results can be fraught. Toyota is feted by ethical consumers for its hybrid car, the Prius, rather than criticised for making other fossil-fuel-hungry vehicles. Tobacco company Philip Morris's claim that it is a responsible corporate citizen because it ensures farmers are fairly paid may meet with a derisive response because of its product's impact on public health.

Such unpredictable reputational risk means that many companies are doing great things - but not talking about them too loudly, Polonsky says, pointing to natural products company Blackmores. "It was founded with a social and environmental grounding, but that's just its underlying values - it doesn't leverage that."

The risk may be worth it, however. Some companies are finding that ethical consumers are prepared to pay a premium for products that do less harm. Local LPG marketer Elgas recently launched a durable, recyclable, carbon-offset gas cylinder for the consumer barbecue market.

The Swap'n'GoGreen costs 7 per cent more than the standard gas cylinder, but Elgas general manager of marketing Eric Hahn says internal research shows consumers are happy to pay this premium because the product's novel packaging makes it clear to their friends that it is different.

"There's a desire for peer recognition of green effort," he says. "[Ethical consumers] are looking for things that they can point to." **Gina McColl**

How to reach them

- Many consumers will pay a premium for 'ethical' products, but this has to be visible to peers.
- As awareness of accountability and sustainability grows, ethical considerations are losing their exclusivity and becoming part of every consumer's preference.
- Ethically produced goods must still offer the competencies of non-ethical rivals: washing powder must still get clothes clean.
- Companies that target ethical consumers may find all their products, practices and supply chain open to scrutiny.

Parents

Lack of time, sleep and money are just a few of the challenges facing most parents. However, the influx of new media and social networking sites, particularly for new mothers, presents companies with an unparalleled opportunity.

"We're seeing lots of companies using Facebook and Twitter," Deakin University's associate professor of marketing, Dr David Bednall, says. "For a new mother, it can be a way of feeling connected. You can sit in front of the computer between feeds and see what is happening."

Mothers retain the buying power within this segment, especially for young children, and parents fall into two groups: young parents in their late teens and early 20s who are not financially secure, and those in their late 20s and 30s who have worked and saved in anticipation of having a family. There are different expectations in these groups," Bednall

says.

Female fitness business Contours teamed up with online parents' community, Kidspot - 49th on the 2009 BRW Fast Starters list - to market to new mothers. An American company that has been in Australia for four years and has 184 studios, Contours targets parents as both clients and franchisees, national marketing manager Jennifer Segal says.

Market research by media and marketing strategists found that most Contours members were time-poor mothers looking for a break.

The campaign also focuses on women's health issues, such as obesity and bone density, and uses emotional marketing slogans such as "you'll be keeping up with the kids in no time".

The work with Kidspot helped the company secure market share, Segal says. "The conversion rate of people who clicked on our advert on the Kidspot website to those who became members was high."

Obtaining advice before marketing was crucial, Segal says. It is easy to be misguided. Contour wanted to provide creche facilities but found that most mothers wanted time away from their kids.

"It is about getting out of the house and having half an hour to themselves," Segal says. **Jane Lindhe**

Tweens

Tweens are boys and girls aged between seven and 13, and they are avid magazine readers and consumers of social media.

Mature beyond their years, their search for self-image and identity in the wasteland between childhood and the teen years is voracious.

"They are heavily influenced by [pop] music and fashion trends set by role-model celebrities such as Lindsay Lohan and Mary-Kate and Ashley Olsen," a marketing and public relations expert at Anderson Knight, Juliet Anderson, says.

While parents often disapprove of tweens' desires, tweens have more pocket money than previous generations and the "pester power" to convince parents to buy expensive products and services - mobile phones, clothes, laptops, video games, broadband, magazines, entertainment, make-up and fad foods.

"Parents suffer guilt because their kids were in day care and they are working," the chief executive of advertising agency, Leo Burnett, Todd Sampson, says. "They are willing to sacrifice a lot for their children."

Almost any product or service can be marketed to tweens if it is seen as cool or hip. "There is a company in America, the Girls Intelligence Agency, that manufactures trends; that is all they do," Sampson says.

Tweens tend to be sceptical. They have grown up with the internet, know how to find information, and they are aware of marketing. "They are quick to judge, and they want facts," says Kerry Nelson, director of Big Mouth Communications, which has computer and games retailers among its clients. "They appreciate being treated like adults."

There are ethical issues in advertising to tweens. Clothing retailers selling "sexy" gear to tweens have sparked angry reactions from parents. "The sexualisation of children is terrible," Sampson says. "They are very open to influence. Nearly half of the [affluent] world's eight-to-12 year olds say clothes and brand define them."

Tweens are influenced by their peers, so creating a buzz around a product or service will attract their attention. Competitions with prizes, interactive websites, shopping trips, social media sites, giving them products to test and advertising in selected print media are good strategies. **Kath Walters**

How to reach them

- Whatever is hip tweens will buy as they search for identity.
- Tweens have 'pester power' to get their parents to pay for expensive products
- Create a buzz to attract their attention using social networks and peer groups
- Be ethical - or risk a backlash from their parents
- Give them the facts - they are marketing savvy and know how to check information on the internet.
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Double income no kids

The acronym DINKS - "double income no kids" - was once the lifeblood of the marketing and advertising industries. DINKS have plenty of disposable income and a penchant for the good life, travel and flash cars. They also are referred to as "yuppies" by some demographers.

There are three distinct groups in this category, Deakin University associate professor of marketing David Bednall says. There are people who cannot have children or have decided not to have them; couples who plan to have children; and "empty nesters" - those whose children have left home.

Until recently, DINKS have luxuriated in self-indulgence - from Saturday morning sleep-ins to luxury brands such as

BMW, Louis Vuitton and Gucci. However, the global economic crisis has created a new mood of austerity and restraint.

It is not just the big-ticket items that DINKS are reconsidering. "I came across a woman from the affluent Melbourne suburb of Brighton who was shopping at Aldi because she could buy the canned dog food her dog likes 5¢ cheaper," Bednall says. "The downturn means that brands charging a premium will need to work harder."

Some DINKS have the time to ponder the meaning of their lives through religion or social networking groups. "Parents often just don't have the time to ponder the meaning of life - they just get on with it. Couples with no children often have the spare money and time to devote to these kinds of things."

Toyota's "harmony" campaign for its hybrid car, the Prius, is aimed at young DINK couples and features an urban setting giving way to fields. **Jane Lindhe**

How to reach them

Market to the meaning that this group is searching for.

- Pinpoint which of the three categories of DINKS your customers belong to.
- Conspicuous consumption is out of favour - keep luxury status understated.
- Appeal to this group's highly developed social conscience.

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