



AMA Access:

# Marketing Researchers

Bringing marketing theory and research into focus

## Want to Gain Better Customer Insights? Think SoLoMo

By [Nancy Pekala](#)

Look around and you'll find it's hard to look your customers in the eyes today. Their gaze is clearly focused downward on their smartphone and tablet screens. Getting their attention these days requires that brands better understand how customers not only want to engage with them but also how they are making purchase decisions using today's devices and technologies. That means understanding how social, mobile and local (SoMoLo) impacts today's customers.

[Jeremiah Owyang](#), Partner and Analyst with the Altimeter Group, noted in a recent Bazaar Voice-sponsored webinar, "Consumer Insights Revealed: Insights from 11 Million Consumer Conversations," that "the 'static' customer no longer exists today. With so many choices that can move them along the purchase funnel, they are now 'dynamic' customers."

Take the case of Target. The retail chain recently took monitoring its customers' spending habits to a new level when it predicted a major lifestyle change for one family. In one case, Target predicted the pregnancy of a high school girl before her own father did.



Target's department for Guest Marketing Analytics monitors customer purchasing habits and noticed a pattern of products related to early pregnancy purchased by the man's daughter. Clues included products such as vitamin supplements, lotion, and hand sanitizers, which are often used by pregnant women.

In this case, the girl's father was outraged that his daughter was receiving Target promotions in the mail advertising baby-related products. Following conversations with a Target manager, the father returned home to speak with his daughter who ultimately owned up to the pregnancy. Target has said they have become so in tune with their consumers' buying patterns, that they are now looking at ways to mask some of the obvious results of their work.

Recent Altimeter Group research revealed some key insights about customers' purchasing behavior as it relates to technology. [Chris Silva](#), Altimeter's Mobile Industry Analyst, revealed:

- At least 50% of consumers, according to Nielsen, now use mobile technology
- More than 2/3 of smartphone users took their devices with them during the last holiday season
- Consumers spent an average \$71 per order when purchasing on a smartphone and \$111 per order when shopping via tablet
- More than half of adults make purchases via their smartphone
- 44% of consumers are shopping while multitasking on mobile

With three million iPads selling in three days when it launched earlier this year, tablets are a device brands cannot ignore when trying to engage with and learn about customers and their purchasing

behaviors. “Mobile shoppers browse day and night,” Silva said. “The iPad as a tablet is a lifestyle device and usage spikes at 7 or 8 in the evening. iPad rules the night.”

In addition to mobile, customers’ use of social media is also impacting buying patterns. Altimeter research revealed, in fact, that in-store buyers are just as likely to contribute to social conversations as mobile buyers. Interestingly, in-store buyers appear to have less love for their purchases.

Yet, despite the increase in social participation, conversion rates based on traffic from these social channels is relatively low, less than 1% of brand site traffic. Owyang explained that while Google sends a significant amount of social traffic, it has only a 1.9% conversion rate. Twitter has an 0.5% conversion rate. Facebook has a 1.2% conversion rate but only sends 0.50% of traffic.

“That’s why it’s important to not only take into account conversion rate but also average order value,” Owyang said. “Twitter, for example, has a higher average order value of \$121.33.”

Brands have yet to derive the benefits social can provide due to a lack of effective social and integrated marketing strategies, according to Owyang. For instance, the Altimeter research found that the average enterprise (defined as more than 1,000 employees), has 178 distinct social media accounts for business. The Four Seasons Hotel chain, for example, has Twitter accounts for each of its properties, often multiple accounts per property that relate to each of its distinct hotel functions including bar, spa and conference group. On average, the research found that 1 out of 300 employees use social for business.

In addition to social and mobile technologies, brands need to integrate local into their marketing and customer engagement mix. Walgreens is one brand that is effectively using the local concept to drive purchasing behavior. Using the location-based social networking site Foursquare, Walgreens rewards users who check in with a coupon or special offer. The coupon can be scanned directly from customers’ smartphone upon check-out.

### **SoMoLo Action Plan:**

Today’s technology-driven customer environment provides brands with a number of opportunities to learn about and drive purchasing behavior. The following are some steps Owyang suggests brands can pursue to take advantage of these opportunities:

- **Target the tablet buyer.** “Throw out the old playbook, as you must integrate time, location, rich media and social interaction.”
- **Tie in social.** Adding the ‘Like’ button to your website isn’t enough. Integrate social features in a more meaningful manner.
- **Focus on sophisticated lifestyle and works style content.** Devise ways that marketing can become profit and not just cost centers.

“Social isn’t limited to online behavior,” Owyang said. “Remember, it’s not just a matter of collecting ratings and reviews but of creating a two-way dialog in order to quickly respond to customers. The savviest of companies will use this data to influence product roadmaps and the actual customer experience. This isn’t just lipstick on a pig.”

[Nancy Pekala](#) is the AMA’s Senior Director of Online Content and Editor of [Marketing Researchers](#). Continue the conversation about driving customer insights via social, mobile and local in the Marketing Research Group of [AMACONNECT](#). Follow us on Twitter @[marketing\\_power](#).